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# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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23 February 1984

## EAST EUROPE REPORT

### ECONOMIC AND INDUSTRIAL AFFAIRS

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MINISTER INTERVIEWED ON 1984 BULGARIAN-SOVIET TRADE

Sofia RABOTNICHESKO DELO in Bulgarian 28 Jan 84 p 5

[Interview with Minister of Foreign Trade Khristo Khristov in Moscow on 27 January 1984 on the occasion of the signing of a Bulgarian-Soviet trade protocol, by Atanas Atanasov, RABOTNICHESKO DELO correspondent: "Powerful Stimulus to Economic Growth"]

[Text] Moscow, 27 Jan--The trade protocol signed today between the Bulgarian People's Republic and the Soviet Union reflects the dynamics of considerable quantitative and qualitative progress in economic cooperation between the two countries during the 40th anniversary celebration of the victory of our socialist revolution. I asked Minister of Foreign Trade Khristo Khristov, head of the Bulgarian negotiating delegation in Moscow, to comment on this document.

[Answer] First of all, I want to emphasize that the substance of the protocol concretizes for 1984 the long-term strategy of the BCP and the CPSU for the unswerving economic convergence and integration of our countries. The value of the trade between Bulgaria and the USSR will amount to 11.6 billion rubles. It is growing nearly 12.2 percent over last year. This growth is 2.5 times as high as the growth of industrial production and meets the needs of a free economy that realizes the greater part of its national income in the international market. Moreover, the USSR is our main partner, to whom 54 percent of our international trade is attributable.

[Question] The paramount requirement set for foreign trade by the 12th BCP Congress and the 26th CPSU Congress is that it serve the process of intensifying the national economy. What in the protocol relates most immediately to the accomplishment of this goal?

[Answer] As a whole, the flow of goods in both directions is channeled in accordance with the requirements of this mandate. Let us take, for example, the import lists. The major part of these is package equipment for our large-scale, nationally important underway projects in the machine-building industry, in nuclear power, metallurgy, the chemical industry and other sectors which determine the rate of scientific and technical progress. It is needless for me to emphasize the tremendous importance of traditional imports from the

USSR of petroleum, natural gas, metals, iron ores, lumber, cotton, paper pulp etc.

The part played by foreign trade in the intensification of our economy is also delineated in the export structure. Products of the machine-building, electronics and electrical industries already constitute 62 percent of the goods shipped to the USSR. The following data, in our opinion, are of interest: the volume of our electronics products in exports already amounts to 800 million rubles, and that of materials-handling equipment to 600 million. For the first time equipment produced by our new heavy machine-building plants in Radomir and Ruse appears in our export lists, too.

[Question] What place does the most progressive form of integration--specialization and subcontracting of production--have in the practice of mutual cooperation?

[Answer] Suffice it to stress that the greater part of export growth originates from specialized and subcontracted production processes. In the past few years long-term measures have been carried out for the joint engineering and production of machines and equipment at a high technical level. Thus, for example, our program-controlled lathes, high-torque drives, manipulators and robots have successfully won their place in the production of modern automated lines and flexible manufacturing systems for the automotive industry and especially for agricultural machine building.

[Question] Does the trend towards an increase in trade as a whole hold true for consumer goods?

[Answer] Yes, it does, and with appreciably greater intensity at that, for the volume and assortment of these goods--in imports and exports--are increasing at a higher rate than for trade as a whole. We shall import from the USSR over 33,000 passenger cars and 36,000 television sets, as well as tape recorders, washing machines, electric household appliances, cameras, timepieces etc. In the Soviet markets we shall offer a significantly updated assortment of pharmaceutical products, varied ready-to-wear clothes, knitwear, furniture, shoes, fruits and vegetables, wines and cigarettes. The volume of such goods will increase almost 1.5 times by virtue of cooperation between the ministries of internal trade of the two countries.

[Question] From the conversation thus far the inference can be drawn that there are no difficulties and problems in the sphere of Bulgarian-Soviet trade.

[Answer] On the contrary. But the fact is that in terms of both quantitative and qualitative indicators our commercial and economic relations are developing at a rate that many countries can only envy. That we still have incompletely settled and newly arising problems is a different matter.

The main problem in this area was pointed out by Comrade Todor Zhivkov at the Varna conference on quality. A whole system of measures for the sweeping improvement of quality has been undertaken. A mechanism of incentives and

penalties for export output has been in effect since last year. It is likewise important that the results in the job of quality improvement are already a yardstick for evaluating the activity of economic and party personnel. Much still has to be done and all products with a Bulgarian brand will have to have a high reputation among consumers—beginning with technical indicators and ending with external appearance and packaging. All the more so as it is known that quality is a variable category: what was good yesterday is not satisfactory today.

Dependent on the solution of these problems is not only the volume of our trade, but also our prestige as partners. Every merchant and business executive knows that this is a priceless asset which is easy to lose but hard to regain.

6474

CSO: 2200/74

USE OF POTATO REGIONS FOR BEET, CORN CULTIVATION DEBATED

Prague ZEMEDEC in Czech 11 Jan 84 p 1-2

[Article by Eng Jiri Kosar, candidate for doctor of science, Praha-Uhrineves Research Institute For Animal Husbandry, Eng Bohuslav Chladek, Central Agricultural Control and Testing Institute-Sedlec, Eng Josef Havel, Kostelec u Krizku Livestock Improvement Station: "Fodder Beets or Silage Corn; Which One for Potato Growing Regions?"]

[Text] With the ongoing intensification of agricultural production the agricultural public is paying more and more attention to intensive carbohydrate crops such as silage corn and fodder beets. Despite the fact that these two fodder crops complement one another, there is a continuing debate as to which of them is the more desirable. If future plans include the expansion of the fodder beet, especially in potato growing areas, it must be assumed also that the necessary plots of arable land will be set aside at the expense of silage corn. The extent of the cultivation of both of these intensive crops will depend on local production conditions. Other important factors include storage losses, losses during preservation procedures, and nutritional impact.

When comparing the production capabilities of both crops, the data are often attributable to local production conditions. For instance, warmer and dryer regions favor silage corn, while higher, cooler, and damper areas offer more conducive conditions for the cultivation of fodder beets. The performance in the cultivation of both crops is very closely related to the specialization of given agricultural enterprises. Those oriented toward the production of silage corn will turn in a very good performance in the production of this crop, and vice versa. Even from this viewpoint, the achieved results for both crops are not fully comparable.

Results of Cultivar Experiments

Comparisons were based on results of cultivar experiments of the Central Agricultural Control and Testing Institute, from stations where experiments are being undertaken with fodder beets as well as with silage corn.

The results presented in Table 2 clearly show that in terms of the production of dried matter fodder beets outperformed corn in the instances in question. The data further implies that fodder beets offer substantially higher production, especially in potato growing areas. What remains critical, however, is the amount of fodder--nutrients--that make their way to the trough.

Fodder value and storage losses are important. Beets may be stored with minimal losses. According to results obtained at the Praha-Uhrineves Research Institute for Animal Husbandry (Kosar, Kudrna 1983), beets of the Bares cultivar experienced weight losses of 11.2 percent, including separated clay and other organic substances, during long-term storage in large-capacity surface pits from October to the end of April.

Table 1

Type of Fodder	amount per head per day in kilograms	
	Group K	Group P
grass hay	6.620	10.900
fodder beet	-	8.120
silage corn	9.810	-
concentrated fodder	0.755	0.755
mineral supplements	0.130	0.135
average kilogram weight increase per head per day	0.539	0.729
consumption per kg of increase of dried matter	7.500	7.400
SNL	1.060	0.920
starch units	4.170	4.220
consumption per feeding day in kg of dried matter	4.040	5.390
of fibrous matter	1.160	1.170

The beets were harvested in a single phase with a two-row harvester. Losses in the ensiling of corn depended on the ensiling space and ranged from 20-40 percent. This means that losses during the storage and preserving of corn are substantially greater (see Table 3). If one takes into consideration the net production after deducting for losses in storage and preservation, the ratio production per unit of soil shifts still further to the advantage of beets, in corn growing areas from 100-147 and on potato growing areas from 100-157.

Table 2. Comparison of the Per Hectare Performance of Fodder Beets and Silage Corn, Central Agricultural Control and Testing Institute-Sedlec (1980-1982)

Production Area	Fodder Beets				Silage Corn							
	weight bulb	yield tons	dry matter	yield tons	weight stalk	yield tons	dry matter	yield tons				
	tops	total	bulb	tops	other matter	total	other matter	total				
Corn growing	104	31	135	13.1	4.4	17.4	11	40	51	4.6	9.7	14.3
Potato growing	89	41	129	13.0	6.2	19.3	15	41	56	5.3	8.0	13.3

Table 3. Comparison of Net Production of Fodder Beets and Silage Corn After Deducting Losses During Preservation and Storage, in Starch Units Per Hectare

Crops	Corn				Potato			
	Gross Starch Unit	Percentage Losses in Preservation	Net Starch Unit	Production Percent	Gross Starch Unit	Percentage Losses in Preservation	Net Starch Unit	Production Percent
fodder beet:								
bulb	7,912	11	7,162	147.02	7,852	11	6,988	157.0
tops	1,971	40	1,389		2,778	40	1,669	
	9,883		8,551		10,630		8,657	
Silage Corn	8,308	30	5,816	100	7,887	30	5,521	100



## Combinations With Balast Fodders

Another advantage of fodder beets and fodder sugar beets is their low content of coarse fiber, which makes it possible to use these fodders in fodder rations in combination with balast fodders. If one, for instance, assumes that protein fodder is a critical source of proteins in both basic and production fodder rations, it becomes a matter of achieving high consumption of these fodders per head per day. The limiting factor, for instance, in the consumption of alfalfa hay or silage is its high percentage of fiber. When the carbohydrate supplement to the fodder ration is, for instance, corn silage, then in terms of fiber the consumption of protein silage will be reduced and the necessary volume of digestible nitrogen substances will have to be provided by means of protein concentrates. In cases of feeding with beets, the optimal amount of bulk, protein fodder will be retained in the fodder ration.

Based on data from the Praha-Uhrineves research Institute for Animal Husbandry (Kosar, Kudrna 1974) the effectiveness of fodder sugar beets was monitored in comparison with that of silage corn by assuring that the energy content of both fodder rations was balanced (see Table 1).

The results of this experiment indicate that a lower percentage of fiber in a fodder ration including beets made possible greater consumption of grass silage when feeding on demand (ad libitum), and resulted in greater growth intensity.

## Concentrated Fodder Replacement

The cultivation of these highly intensive fodder crops is closely related to the possibility of replacing concentrated fodders. The limiting factor is the percentage of coarse fiber. The requirement of low fiber content is met only by beets and corn stalks from among all the bulk fodders. A look at the results of the comparative field tests (see Table 2) indicates that fodder beets offer more than twice the amount of easily metabolized carbohydrates and a low fiber content.

At present these two crops cannot be put in opposition to each other. Rather, it is essential to base decisions on the realities of agricultural production where the material-technical preconditions for the cultivation of silage corn already exist, including seed stock, the equipment for harvesting, and the technology for preserving and feeding. For fodder beets there are still a number of shortcomings, especially in the equipment area.

The prices per starch unit for several crops (in constant accounting Kcs prices) follow:

--sugar beets for fodder purposes	1.82
--fodder beets	2.08
--fodder barley	2.21

It has been shown in numerous experiments that dried beet matter, at times enriched with nonprotein, nitrogenous substances (ureas) and other mineral supplements, is the equivalent in the feeding of cattle to fodder grains. For example, when dairy cattle have been fed, under our conditions, with a winter fodder ration containing beets they have achieved milk production of 8 kilograms without concentrated fodders.

At higher milk production levels, consumption of concentrated fodders reached 150-200 grams per liter of milk. Young feedlot cattle have achieved weight increases of 1 kilogram per head per day without supplementary feedings with concentrated fodders.

### Cost Figures

In terms of the economics of an agricultural enterprise, it is important when considering the use of beets as fodder that it is possible to produce amounts of fodders or nutrients equivalent to those of silage corn on a substantially reduced land area, using the conserved soil for the production of other marketable drops, thus enhancing further the economic impact of growing fodder beets.

With beets, an amount of fodder and nutrients equivalent to that of silage corn can be raised on 63.8 percent of the arable land needed for the corn. On the space that is saved, 36.2 percent of each hectare, marketable crops such as wheat may be produced. Let us assume that the costs for the working and cultivation of one hectare of fodder sugar beets amounts to Kcs 13,677 and for silage corn Kcs 6,369 (URRP, 1981). This means, then, that the cultivation of 0.638 hectares of sugar beets costs Kcs 8,726, while costs for cultivating one hectare of silage corn are Kcs 6,369. The additional Kcs 2,357 entailed in the growing of beets may for practical purposes be made up for by wheat production. On the conserved space of 0.362 hectares it is possible to produce about 1.81 tons of wheat. Given estimated production costs of Kcs 988 per ton, and a per ton selling price of the wheat of Kcs 1,884, a profit of Kcs 1,629 is realized upon the sale of the wheat. The loss, then, stemming from the growing of beets instead of silage corn is Kcs 735 hectare. If one considers that beets offer substantially higher quality fodder, especially in terms of its lower fiber content, it may be said to double the production available with silage corn stalks.

In evaluating the economics of cattle raising, the main problem is that of increasing production intensity. For example, it has been shown that at an annual production level of 3,050 kilograms of milk, the production cost for a kilogram of milk is Kcs 3.33, while at a production level of 3,660 kilograms the cost drops to Kcs 2.96 per liter. This means that the increased productivity was translated into a production cost savings of Kcs 0.37 per liter of milk, which represents a savings of Kcs 1,354.20 per dairy cow at the above output levels (URRP, 1981).

An important factor which makes it possible to achieve higher output levels is an adequate amount of quality fodders. If beets produce 1.5 to 2 times the amount of high quality, easily metabolized energy as annual fodder crops,



then we are dealing with an increase in output on a per hectare basis of about 3,000 starch units. This excess production of starch units assures the requirements of 1,000-1,200 feeding days for dairy cattle. This increased plant production of beets, in contrast to that of other fodder crops; assures greater milk production, which under our conditions represents a profit of Kcs 3,755 per hectare of arable land.

The economic advantage of the cultivation of beets for feeding purposes lies in their high level of production of digestible nutrients and, especially, energy from each unit of land, thereby making possible greater production intensity for meat and milk, which will in turn have a positive impact on the economics of the factory. One important benefit of this is its favorable dietary impact, which is manifested in improved animal health and improved reproduction figures.

9276

CSO: 2400/180

LPG DIRECTOR TAKES CRITICAL LOOK AT AGRARIAN REFORM

Erfurt DAS VOLK in German 4 Jan 84 p 3

/Unsigned article: "Are Farming and Cattle Raising Becoming One Again?"

/Text So we are now throwing crop and livestock production back in the same pot and setting up large-scale LPG's after all? Why again introduce novel features to farming? The SED CC Politburo resolution on the further deepening of cooperation relations proposes that the cooperation council take on the function of an economy managing organ: It provides plenty of topics for discussion in the villages. Has the division of labor between crop and livestock production, completed in the 1970's, been a failure, has specialization done no good? Is everything valid up to now to be thrown overboard? Many cooperative farmers are debating these issues. We asked Comrade Roland Oberndoerfer, chairman of the Gamstaedt LPG for crop production, to explain matters.

The answer is yes if we interpret this as closer cooperation between crop and livestock production rather than a merger into a single enterprise, a large-scale LPG, so to speak. Our LPG is one of the cooperation associations that have been applying the new principles since the day before yesterday. This means not only much work for the cooperation council but also a great deal of discussion by the executive board and the brigades. Why do we need a governing body (the cooperation council) in addition to the executive boards? Many people and many different opinions, and all need a response. Think about it, I told the members, reminding them of the past 10 years. At the present time we are two legally independent and stable enterprises, the Gamstaedt LPG for crop production, and the Ermstedt LPG for livestock production. Just because that is so, we must do everything possible better to organize the united reproduction process. That is why we need a capable cooperation council, responsible for all concerns of the reproduction process. And that is what we are now going to set up.

It is not a simple matter. I picked out my old documents. As Marx had predicted, the new generation of farm machinery necessitated the division of labor. The sheer volume of machines, their capacity--in short the means of production--urged toward new conditions, to be precise larger fields, and these we created by specialization between crop and livestock production. Almost everybody quickly appreciated this logic, though conversion was by no means easy. It was tough for me,

too. As chairman of a "rounded LPG," I was used to walk through the barns in the early morning, before sitting down at my desk. That stopped. At first it felt very odd indeed, something was missing. After all, a farmer who likes what he is doing, always likes both--the livestock and the crops. Ultimately both feed us.

Our work left us little time for reflection. We had to merge new collectives, organize daily operations, learn to master technological processes so as to manage as quickly as possible to demonstrate the benefits of the division of labor by the achievement of definitely higher yields. And we did so manage. Since 1978 no year has passed without a yield of less than 50 decitons per hectare for grain. In the average of the 5 years from 1971 to 1975 it was only 45.4 decitons, and the average of the past 3 years was around 54.2 decitons. The situation is similar with regard to potatoes, sugar beet and feed. Our rates of increase here were 15-26 percent by comparison with the 1971-1975 Five-Year Plan. In good and poor years, cooperative farmers enjoy secure incomes, decent working and living conditions, relatively regular hours, vacation opportunities just like factory workers and the same social benefits. The 10 years of LPG for crop production have left their traces. We would not want to forego them, to be sure, but we cannot just stop there either.

Unfortunately some losses due to friction arose alongside the division of labor to which we have all become accustomed, and which is now as much a matter of course as the specialized crop and livestock production enterprises. Sometimes disputes have arisen about mere trifles, because every executive board tended to be preoccupied mainly and primarily with its own enterprise concerns. Debates even engulfed families. Though we always jointly celebrated harvest festivals in the cooperative association, the knives were out very quickly when it was a question of output; trivialities were belabored and genuine problems overlooked. Soon this is to be entirely a thing of the past. We intend rapidly to shed the idea that one is better than the other, simply because that is an obstacle to better production in the field and the barn.

If we are being honest, we must admit that we devoted too little attention to togetherness, despite all cooperation agreements. Actually, the method of organizing work in crop and livestock production has tended to make us a little bit careless. For us crop farmers it was good business simply to sell to the state all grain, potatoes and sugar beet. That way we no longer had any responsibilities.

However, responsibility cannot be divided. It is up to crop and livestock producers to jointly safeguard the appropriate supply of the public. Moreover--crop and livestock farming depend on one another, and farmers also have the duty to strengthen the GDR by their performance and make peace more secure. Furthermore, we farmers, too, must take into account the changed foreign trade situation. Grain imports as in the 1970's are no longer possible. Accordingly, as everywhere, it is imperative for farming to devote far more attention to costs. Calculating, measuring, weighing--the new cooperation resolution focuses very much on these virtues of farm management.

Precisely in this day and age, when it is vitally necessary even more effectively to conduct the struggle for peace, everyone of us realizes the importance of the GDR's dynamic development. As Erich Honecker stressed on New Year's Day, the Karl

Marx Year provided a strong impetus for a rise in performance. For the purposes of growth in 1984 we are again calling on Karl Marx by reconsidering and expanding cooperation relations. He told us that the productive forces arising from cooperation and the division of labor are the natural forces of social labor. And if I divide something, I must merge it again at a higher level in order to develop production effects by combination. We have now reached that stage in our agriculture.

This is the topic of discussion in the collectives of our LPG, when we talk about the greater responsibilities of the cooperation council. The farm price reform compels us more quickly to bring on every LPG, and we are therefore strengthening the influence of the cooperation council. We consider this to provide many benefits. To cite an example--in future we will jointly organize transportation, spare part supplies, construction capacities and workshops.

Formerly the cooperation council did indeed discuss and even decide a lot, but nobody was obligated to act accordingly. From now on all decisions have mandatory force, the cooperation council is accountable and responsible for high production yields and the development of the cooperatives in its territory. We were therefore issued indices for the fulfillment of the state plan for crop and livestock products, the development of the reproduction of breeding stock and other cattle as well as for energy sources and secondary raw materials. They represent the basis for our planning in the cooperation. It is absolutely crucial to take into consideration all aspects of the united reproduction process and to produce the appropriate relations. That also applies to the better utilization of the social labor capacity. We expect all these measures to yield greater efficiency. The various committees of the cooperation council will certainly have a lot to do, because they must prepare the various decisions.

We expect benefits to arise in particular from the closer cooperation of the brigades engaged in crop and livestock production in the villages; problems will be solved right there and then. The brigade leaders will hold growing political responsibilities. This provides breathing space for the management of the LPG, so that it may tackle the proper management tasks and ponder issues of future operations and the reproduction process.

Of course we are still at the beginning of our reflections, a lot of things are still in ferment, others are progressing from conception to action. Still, nowadays I do get the feeling during all those talks that we are on the right path: The common responsibility of crop and livestock production for field cultivation and animal husbandry is the prerequisite for future success. And we are therefore committing ourselves in 1984 with all the means at our disposal.

11698

CSO: 2300/269

GERMAN DEMOCRATIC REPUBLIC

PATENT OFFICE CHIEF COMMENTS ON NEW LAW

Potsdam STAAT UND RECHT in German Vol 33 No 1, Jan 84 (signed to press 1 Dec 83)  
pp 31-37

[Article by Prof Joachim Hemmerling, president of the Office for Inventions and Patents, and Prof Robert Kastler, of the Legal Science section of the Humboldt University in Berlin: "Development of Inventions--Task of the New Patent Act"]

[Text] The passing, by the People's Chamber, of the new GDR patent act\* is among the measures taken by the socialist state on behalf of implementing according to plan the economic strategy issued by the 10th SED Congress. The socialist state, the "chief instrument of the working people led by the workers class for shaping the developed socialist society,\*\* concentrates its particular attention on elevating the economic and social efficacy of science and technology, primarily through a qualitative development of the management and planning of the creative labor processes and the use of their results.

Accelerating scientific-technical progress is the crucial way for boosting labor productivity and ensuring the economic performance development. It has clearly been understood that the rank of an economy today principally depends on its ability to cope with scientific-technical progress. The further shaping of an intensively expanded reproduction and its being integrated into international economic relations make demands, unprecedented in scope, on the constant technical and technological conversion and further development of the material-technical base. To bring out new products and technologies here and there is no longer enough; an uninterrupted renewal of products, procedures and technologies of highest rank is necessary which must, without any compromise, be oriented to world standards.

The new patent act improves the set of legal instruments for solving those tasks. It is among those measures that must bring it about that socialist law makes its contribution toward "taking another step in combining the advantages of socialism with the accomplishments of the scientific-technical revolution."\*\*\*

\*"Inventions Legal Protection Act--Patent Act--27 October 1983," GBL Part I, p 284.

\*\*"Programm der Sozialistischen Einheitspartei Deutschlands," Berlin, 1976, p 40.

\*\*\*Comrade Erich Honecker, "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den X. Parteitag der SED" (SED Central Committee Report to the 10th SED Congress), Berlin, 1981, p 49.



Ever since the 10th SED Congress has the party and state leadership been pointing emphatically at the development of invention activity and the rapid application of inventions in material production.\* That is based on the assessment, corroborated by practical economic experiences, that high speed in enforcing scientific-technical progress is possible only if enough high-grade inventions are produced and put into practice rapidly. The number and level of inventions a society can dispose of, the tempo in the development of invention activity, the degree of use made and the speed in which inventions spread through the economy and the economic and social effects achieved through inventions are essential criteria for scientific and technical efficiency, for the dedication and ability of R&D personnel and, not last, for rating the quality of scientific-technical management work itself. And this involves a broad spectrum of new technical ideas. It ranges from the invention that becomes the basis for a complex innovator process and thus helps tap the strategic reserves for making inventions down to the very many different inventions needed for the steady further development of existing technical systems and producing rapid economic effects.

Practical experiences tell us that a target-directed influence must be brought to bear on the development of inventive activity and that the greatest successes are achieved where the responsible managers themselves pay much attention to inventing, concentrate on the elaboration of invention targets, systematically improve the objective and subjective conditions needed for invention activity, advocate a rapid utilization of inventions and pay proper attention to the appreciation of and incentives for achievements in invention. That is what the act is focused on. It calls on all management levels to enforce the correct criteria for the performance level in science and technology, from basic research all the way to application. At the same time the new act is concerned with further developing the legal regulations for the protection and safeguarding of inventions in line with the new conditions.

The GDR's socialist inventions and patents law obtains rules through the patent act that meet the requirements for the continued shaping of the developed socialist society. It is aimed at boosting invention activity, the effective use of inventions and the protection of the rights and interests of the socialist state and its citizens in connection with the genesis and utilization of inventions. The new patent act therefore is not a law dealing only with the legal protection of inventions in a narrow sense. It forms the basic system of legal norms for the GDR's inventions and patents law and finds itself in conformity of principle with the legal development in the USSR and other socialist states. That is expressed by having included basic rules for managing the invention movement and copyright arrangements, the legal protection of inventions having been integrated with the conception of state management in science and technology.

Already in the birth certificate of socialist law in the field of inventions--the invention decree signed by V. I. Lenin on 30 June 1919--the confining of legal protection to inventions relating to private property, as was typical

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\*A special role here played the resolution on promoting invention activity of 2 March 1978 (GBL Part I p 101).

of bourgeois patent law. That decree not only set down rules for a legal protection particular to inventions marked by the social property character in the socialist process of labor, but it also settled legally fundamental questions of the state management over inventions in the young Soviet state. This historic line of development, also picked up in the GDR by the 1950 patent act, is being extended by the new act.

In working out the new act it became important to make use of the experiences in the state management of inventions. Above all it was necessary to take account of the integration, presented above, of invention in the scientific-technical labor process and its management, and an assessment had to be made of the efficacy of the legal regulations issued in recent years for the management of invention and copyright law. Here there were, on the one side, mainly through the copyright decree,<sup>\*</sup> specific rules for the rights and duties of state organs, enterprises and institutions in a number of requirements for invention and copyright work, but also for the inventors and other working people. On the other side--taking account of the specifics in inventions of being, above all, a component of R&D activity and a qualitative demand made on it--in such normative acts that regulate state management of science and technology in a more complex manner, legally mandatory demands were set down for invention activity and copyright work. Here one can mainly refer to the tasking workbook decree,<sup>\*\*</sup> the nomenclature order,<sup>\*\*\*</sup> and the first implementing regulation for the contract law.<sup>\*\*\*\*</sup> These regulations have stood up well also with regard to the rules they contain for inventions, not last because they make the norm addressees aware of the tasks and responsibility in the planning of scientific-technical tasks, in processing R&D projects, and in applying results in the necessary complexity, and in that they integrate the necessary activities in inventions with this complexity. That responds also to an aspect that is very important to the efficacy of the law.

The new patent act proceeds from that the proven legal regulations referred to will continue to play a significant role for the management of inventions and copyrights and, if necessary, will be further developed with the further extension of these normative acts. The rules in these normative acts, above all about the management and planning of inventions, have however now a stable foundation in the patent act, which will be of great importance for a mandatory and uniform orientation in their future extension.

Pursuant to that idea, the patent act regulates only basic issues in the management and planning of inventions and the use of inventions and incentives. That is the purpose of the rules in Article 4 which is setting down the tasks, rights and duties of the state organs, combines, enterprises and institutions with regard to what they have to do to spread invention activity, use the inventions and ensure their legal protection.

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<sup>\*</sup>"Decree on the Work with Copyrights--31 January 1980," GBL Part I p 49.

<sup>\*\*</sup>"Tasking Workbook Decree for R&D Tasks--17 December 1981," GBL Part I, 1982, p 1.

<sup>\*\*\*</sup>"Decree on the Nomenclature of Labor Levels and Achievements in Tasks in the Science and Technology Plan--28 May 1975," GBL Part I p 426.

<sup>\*\*\*\*</sup>"First Implementing Regulation for the Contract Law--Commercial Contracts on Scientific-Technical Services--25 March 1982," GBL Part I p 325.

The buttresses of the new act are found in the encouragement, respect and recognition of the inventors and their achievements in socialist society. That is expressed by the fact that the place, rights and duties of inventors are specially emphasized in a norm of principle (Patent Act, Article 2). Proceeding from this norm of principle, the act regulates the rights of inventors and the corresponding duties of the state organs, combines, enterprises and institutions.

That is done, e.g., through the rules about the moral recognition and participation of inventors. But this is not merely a matter of enforcing the socialist performance principle and the recognition of inventors on that basis. It is a matter of implementing the basic political position that the formation and solicitous promotion of inventive creativity are part of the basic concern of the developed socialist society. To form the necessary legal consciousness on all management levels, much must be done to implement the new patent act. The concrete managerial exercise of responsibility for correctly working with the inventors and potential inventors must become more of a focal point in ideological work. The work with the new act must help make inventive creativity and the work with the inventors on all science and technology management and planning levels a matter of rendering accounts and of controls. The conviction that this is a matter of the highest social priority is by no means as yet expressed in the attitude of all managers.

The act imposes a special responsibility on the combines, enterprises and institutions in which the inventions are made (enterprise of origin) and where a higher level of invention activity has to be attained. That the conditions for invention activity are improved and that appropriate target leads are pre-assigned, that the inventors are encouraged in every way and their rights are ensured is up to them.

The enterprises of origin also have a great responsibility for seeing the inventions originating in them used in the overall state interest and range. That includes their responsibility for applying for legal protection in the GDR and, if necessary, abroad and for the requisite secrecy. The responsibility for that all measures are taken for a broad use of the inventions in production or also by means of issuing licenses demands especially of the combines that they will, in the development of economic and scientific-technical objectives, test inventions available for their usefulness and consider them when they make their decisions. That becomes all the more important the more they succeed, through the spread of inventive creativity, in creating a certain stock of ideas and, based on that, pushing ahead more purposefully and with greater assurance, in the steady renewal of products and technologies.

In shaping the legal protection for inventions, the new act continues proven legal regulations. But it was also necessary to find new rules which meet the requirements of economic management and planning and, mainly, also the demands of the combines. Attention also had to be given to the aspect of legal adaptation within the framework of the CEMA member countries. The legal protection of inventions has been developed in conformity with the protective system for inventions in the USSR and other socialist states and will be granted, as before, in two forms (commercial patents and exclusionary patents).



The mandatory granting of commercial patents for all inventions originating in socialist enterprises and institutions or through their assistance is in line with the socialist property character of these inventions. They are part of socialist public property and call for rules that are aimed at the steady augmentation of socialist property and the all-inclusive economic utilization of the inventions. On behalf of enhancing economic efficiency, the act sets down the right for all enterprises, institutions and official organs to use inventions protected by commercial patents at the overall economic scale. No special permit to use them, as was the case in the old act, is any longer required. The right to the use of these inventions, in connection with the measures aiming at the acceleration of scientific-technical legal protection for the management, planning and stimulation of the economy, will lead to a broader and faster use to the extent that we succeed in enforcing the orientation toward a more rapid replacement of products, procedures and technologies in the economy. So it could not just be a matter of isolated management measures aimed particularly at the use of inventions.

In exercising the right of usage by all enterprises, the enterprises of origin have special duties. The new act reinforces the position of the enterprise of origin with respect to the inventions originating there and the legal protection to be provided for them. They are entitled and obligated to apply for a commercial patent in their own name. They are listed as the enterprises of origin on the patent registration that comes with the issuing of commercial patents. Their position as enterprise of origin also grants them further rights and duties related to the granting, maintenance and enforcement of legal protection.

No rule was needed in the patent act on contractual relations between the enterprise of origin and other enterprises making use of an invention protected by a commercial patent. That was sufficiently taken care of, all experience has shown, by the economic law regulations in the contract law and its first implementing regulation of 25 March 1982. That sets down the premises for establishing secondary use relations on a compensatory basis. The patent act fully agrees with the conception there, to mobilize all activities of the enterprises of origin through close cooperation between them and enterprises interested in also making use of those inventions, to achieve a fast and effective secondary use, i.e., to support as much as possible the enterprises interested in using those inventions as well in getting set for just that.

The rules on the legal protection of inventions through exclusionary patents were carried over into the new act unchanged in substance. Inventions that did not originate in socialist enterprises and institutions or official organs, or through their assistance, continue to have the perfect right to apply for commercial or exclusionary patents.

It may be emphasized that the new act satisfies all requirements of international collaboration with regard to the legal protection of inventions. Also in this field of the legal protection of inventions, GDR policy, in its relations with the nonsocialist states, is aimed at enforcing the principles of peaceful coexistence and serves the goal to develop collaboration on an

equitable basis and for mutual advantage. The act continues to offer foreign applicants with respect to their interests the possibility of legal protection for their inventions.

It depends on the demarkation of the technical solutions to be considered as subject to protection, in what quality and to what extent the inventor and patent law works in enforcing the scientific-technical progress. The new act sets down the requirements for the terms that allow inventions to be protected. The 1950 act, as one knows, did not include that kind of a legal definition. In defining the legal concept of invention one gave consideration to the principles worked out in the administration of law by the Office of Inventions and Patents and the Supreme Court as well as to the results achieved in international legal transactions, especially in cooperation with the CEMA member countries. Entitled to protection is a technical solution demonstrating the four striking criteria of novelty, industrial applicability, technical progress and inventive achievement. Those criteria are defined in Article 5 of the patent act. It provides the administration of law with an unequivocal normative foundation. It should be perfectly clear, however, that testing technical solutions in terms of their entitlement to protection will remain a demanding task for the future that calls for a profound understanding of the substance of the criteria for the concept of invention and their interconnection, so that the decision made about it will satisfy the inventor.

The concept of inventions qualifying for protection is meant to do more, however, than to improve the administration of law. Especially important are the orientations emanating from them toward inventive creativity, toward the requirement level to be realized during the scientific-technical work process in search for novel ideas. It may be expected that the new legal rules will help and make especially those who are engaged in R&D better understand what demands the socialist state places on recognizing a scientific-technical outcome as an invention. At all that we must keep in mind that in the way the protection premises have been written into law we now have a criterion against which technical solutions very different in importance and structure have to be gaged, for which reason they must have a very high degree of generality. In the management and planning of science and technology, especially in setting down inventive objectives in the tasking workbooks, much more concrete stipulations are required for the requirement level to be attained, depending on the goal any given R&D project as such is supposed to satisfy. The legal definition of inventions qualifying for legal protection thus provides no planning standards for R&D tasks but gives us a yardstick technical solutions must measure up to in order to be recognized as qualifying for protection in the first place.

5885

CSO: 2300/275

NEW ORDER ON REDUCING TRANSPORTATION COSTS

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 34,  
14 Dec 83 pp 336-338

[Official text: "Order on Further Economic Measures to Reduce the Economic Cost of  
Transportation of 14 November 1983," effective 1 January 1984"]

[Text] In agreement with the chairman of the State Planning Commission and the  
Minister for Finance, the following is ordered for further reducing road freight  
transportation costs and achieving the nationally efficient division of labor be-  
tween public and factory truck transportation as well as for the consistent obser-  
vance of state transport indices:

Article 1

Scope

(1) This order applies to

- State organs and economy managing organs,
  - Combines, enterprises, facilities and cooperatives (hereinafter designated enter-  
prises).
- (2) It does not apply to private citizens and facilities of religious congregations.

Article 2

Definitions of Terms

The annex provides definitions of terms in the meaning of this order.

Article 3

Long Distance Surcharge

(1) The long distance surcharge as per Article 6 of the Truck Freight Rate Sche-  
dule (GKT) and Article 10 of the Rate Schedule for Transportation by Special Furni-  
ture Trucks (TTM) is fixed as follows for public inland freight traffic by road:

a) For transports calculated as per GKT, Section A,

- |                                     |               |
|-------------------------------------|---------------|
| -- Upon use of price table 1        | - 50 percent  |
| -- Upon use of price tables 2 and 3 | - 40 percent  |
| -- Upon use of price table 4        | - 30 percent. |

b) For transports calculated as per GKT, Section B, upon use of price tables 2 and 4 - 50 percent.

c) For transports calculated as per the TTM, upon use of price list 1

- 40 percent of the kilometer charge as per column 4 of the price list.

(2) The long distance surcharge may not be planned by transport customers. At state enterprises using transportation services as per the truck freight rate schedule and the rate schedule for transportation by special furniture truck, the long distance charge is neither part of goods production nor of net production. It must be paid to the state budget.

#### Article 4

##### Factory Truck Levy

(1) A factory truck levy must be paid to the state budget for road freight carried by factory trucks for long distances and not settled by way of the truck freight rate schedule or the rate schedule for transportation by special furniture truck.

(2) The factory truck levy amounts to the following: For a payload

up to 5 tons	M0.85 per kilometer load distance
above 5 tons to 10 tons	M1.25 per kilometer load distance
above 10 tons to 15 tons	M1.60 per kilometer load distance
above 15 tons to 20 tons	M1.80 per kilometer load distance
above 20 tons	M1.90 per kilometer load distance

the computation is to be based on the payload of the truck used (including trailer) and all kilometers driven loaded--including the local section.

(3) Computation of the factory truck levy is to be based on the load<sub>2</sub> distance recorded in the settlement account of the long distance freight permit.

(4) Exempted from payment of the factory truck levy are:

a) Freight carried by factory trucks in border crossing traffic,

b) Freight that can be carried only by special vehicles and not to be computed according to the provisions of the truck freight rate schedule or the rate schedule for transportation by special furniture truck,

c) Freight carried by the following enterprises:

- Craft cooperatives, production cooperatives of full-time high-seas and coastal fishermen, private artisans and traders as well as the self-employed,
- Animal carcass processing enterprises operating vehicles that may not be used for normal freight carriage.

(5) Upon settlement of the long distance freight permit, the state trucking combines must compute, collect and pay the levy to the state budget.

(6) Enterprises operating their own trucks must show the levy as a constituent part of factory costs in account No 391--fines and compensation. It is neither plannable nor calculable.

### Article 5

#### Economic Penalties Imposed for Transgression of the Transport Indices

(1) When calling on transportation services in excess of the confirmed quarter transportation indices (tkm), consignors must pay economic penalties. The penalties payable amount

For railroad freight services to	MO.50 per tkm
For inland shipping freight services to	MO.30 per tkm
For truck freight services to	MI.20 per tkm.

They must be rounded off to the nearest mark.

(2) Computation of economic penalties is to be carried out by

- a) The respective GDR railroad division for the GDR Railroad,
- b) The shipping divisions for inland shipping,
- c) The trucking enterprises for public truck traffic.

The penalties are to be charged the consignors with whom the freight contracts were concluded or who ordered the transport space. The computation must be concluded by the end of the month following the respective quarter. The penalties are due at once

(3) Consignors of the state economy, operating in accordance with economic accounting, must finance economic penalties from "non-plannable costs."

(4) The payment of economic penalties is forgiven if the transportation indices were exceeded in the respective quarter as the result of shifts of freight between carriers and recorded and confirmed in writing by the competent transportation committee.

(5) If transport services are carried out by private vehicle owners, the competent trucking enterprises must calculate the economic penalties whenever transport indices are exceeded.



## Article 6

### Production Fund Levy Imposed for Exceeding Equipment Standards

(1) The Minister for Transportation annually provides criteria to central state organs and district councils, enabling them to fix equipment standards for the trucks operated by the combines, enterprises and facilities subordinated to them. The central state organs and district councils must ensure that differentiated equipment standards or limits for the stock of trucks are annually allocated the subordinated combines, enterprises and facilities together with the state plan targets and state plan quotas.

(2) These provisions are not to be applied

a) To enterprises listed in Article 4 Paragraph 4 letter c nor to state organs and the facilities directly subordinated to them,

b) To the special vehicles listed hereafter:

Crane trucks (auto rotary crane, mobile rotary crane),  
Tow trucks,  
Workshop trucks (including maintenance vehicles, tool cars),  
Electric transmission line repair trucks,  
Waste and garbage removal trucks,  
Street cleaning trucks  
Liquid manure carrying vehicles,  
Mud exhauster vehicles,  
W 50 with high-pressure flushing devices,  
Special vehicles for winter service (such as rotary snow plows)  
Vehicles with spreader attachment for mineral fertilizer,  
Livestock trucks,  
Vehicles for bulk mixed fodder,  
Vehicles for bulk flour,  
Raw milk tankers,  
Lumber trucks,  
Vehicles permanently or predominantly used in underground mining and pit construction.

(3) If the equipment standards are exceeded, a monthly non-plannable production fund levy in the amount of M5,000 per ton of payload must be paid to the state budget.

## Article 7

### Payment to the State Budget

(1) The long distance surcharge as per Article 3 and the factory truck levy as per Article 4 are to be paid

a) By trucking enterprises or truck operation divisions to the kreis council, finance department, in favor of the bank account handling the wage tax,

-- For the long distance surcharge with the payment code

constant 559 variable 679,

-- For the factory truck levy with the payment code

constant 559 variable 680;

b) By other enterprises as product-earmarked payment.

(2) Economic penalties for exceeding the transport indices as per Article 5 are to be paid

a) By the GDR Railroad and the Inland Shipping VEB to account # 6826-21-220 209 with the payment code

constant 559 variable 681;

b) By trucking enterprises to the kreis council, finance department, in favor of the account handling the wage tax, with the payment code

constant 559 variable 681.

(3) Payment of the non-plannable production fund levy as per Article 6 must be made monthly.

#### Article 8

#### Concluding Provisions

This order takes effect on 1 January 1984.

Berlin, 14 November 1983

The Minister for Transportation

Arndt

#### FOOTNOTES

1. Currently in effect is Order No Pr 370 of 10 April 1981 on the Prices of Freight Services (GBI Special Issue No 1070).
2. Currently in effect is Article 5 of the First Implementing Regulation of 22 July 1982 to the Decree on the Coordination of Freight and Passenger Traffic by Motor Vehicles (GBI I No 31 p 566).
3. Currently in effect is the Decree of 14 April 1983 on the Production Fund Tax (GBI I No 11 p 106).

## Annex to the Preceding Order

### Definitions of Terms Used in the Order on Further Economic Measures to Reduce the Economic Cost of Transportation

1. Long distance traffic--all transports exceeding a radius of 50 km as the crow flies.
2. A radius of 50 km as the crow flies--measured from the center of the location of the first place of loading.
3. Borer crossing traffic
  - Transports beyond the GDR state border;
  - Transit transports;
  - Transports within or between other states.
4. Transport indices--The state plan target, allocated by the respective superordinated organ for the year or quarter and relating to the use of freight transportation services (tkm) by consignors of the inland traffic handled by the carriers railroad, inland shipping and public truck transportation.

11698

CSO: 2300/258



STRUCTURE OF ENERGY BALANCE SHEET, ROLE OF NUCLEAR ENERGY

Leipzig ENERGIETECHNIK in German vol. 33 No 12, Dec 83 pp 454-458

[Article by Drs. D. Ufer and G. Gerisch, Institute for Energetics, Central Office for Rational Energy Use, Leipzig: "The Energy Strategy of the GDR and its Reflection on the National Energy Balance Sheet"]

[Text] I. Brief Description of the GDR Energy Industry

The GDR has an efficient energy-supply industry that safeguards the energy supply to the economy to a high degree.

Here are some 1980 figures:

--Per-capita consumption of primary energy	213 GJ (gigajoules) per inhabitant
--Per-capita consumption of electric energy	4,872 kwh per inhabitant
--Per-capita consumption of gaseous sources of energy	20 GJ (gigajoules) per inhabitant
--Energy supply for work in industry	235 GJ (gigajoules) per person
--Electric power supply for labor in industry	20,000 kwh per employed person

The energy-supply industry in large measure is based on utilizing domestic brown coal. Brown coal production in the seventies on the average was in excess of 250 million tons per year; in 1981, it amounted to 267 million tons per year. The GDR as the biggest brown coal producer mines one third of the annual world production.

Crude brown coal forms the basis for important refined sources of energy. More than 90 percent of the fossil fuel used for electric power production is crude brown coal or brown-coal briquettes. About 50 million tons of brown coal

briquettes are being produced annually which, in addition to direct use as general-purpose energy, form the initial product for the production of about 2.5 million tons of brown-coal high temperature coke, nearly 3 million tons of brown-coal low-temperature coke, and 6.5 billion cubic meters of city gas.

GDR electric energy production up to a voltage of 380 kV is linked with the CEMA integrated system. In 1980, it had an installed capacity of 20,600 megawatt; the produced electric energy amounted to 99,000 gigawatt hours.

Since the sixties, the gas industry has been based on an efficient city gas production according to the oxygen-pressure-gasification process. The import of natural gas from the USSR (over 6 billion cubic meters in 1980) and the development of its own deposits of low-calory natural gas (8-9 billion cubic meters annual production) considerably increased the importance of the gas industry. In 1980, the high pressure gas mains attained a length totaling 14,700 km, including 3,000 km of newly built natural gas conduits. Overall, the gas industry has pipelines totaling somewhat over 40,000 km.

In connection with the part of the housing construction program achieved in the seventies, which will be completed by 1990, district heating was purposefully developed. In 1980, 113 PJ (petajoules) of district heat were made available through the 15 territorial energy combines. In addition, there is the long-distance heat delivery from communal heating stations.

The GDR must cover the need for liquid sources of energy by imports since it does not possess any oil deposits of its own worth mentioning. Within the framework of the socialist economic integration of the CEMA countries, the GDR ensures its oil demand by imports from the USSR; efficient oil refining was developed on this basis.

In recent years, considerable efforts were undertaken in the GDR to rationalize energy use. This process is summarily reflected in the average rate of reduction of the specific consumption of energy for general use in relation to the national income, a rate of reduction which was about 2.7 percent per year during the 1970-1980 period.

## 2. Principles for the Determination of the Energy Strategy

The energy-supply industry is an integral part of the GDR socialist economy. Therefore its development is shaped by the objective laws according to which the economy as a whole is formed. They are the basis for the economic strategy of the entire economy as they are for the strategy for the development of the energy-supply industry as one of its components. In this context, the energy-supply industry comprises all processes of energy production, transformation, transportation, and application.

The task of the energy-supply industry is to meet the energy demand for the development according to plan of the economy and the energy demand of the people and the local government sector. In the socialist society, definition of the tasks posed for the energy-supply industry is determined by the definition of the overall social tasks; it is not inconsistent with the definition

of the tasks and goals of other areas of the economy. Rather with this definition of the tasks there is the objective possibility of developing energy supply and energy use as a unit. The energy strategy for the uniform process of energy supply and energy use can and must be developed on the basis of this definition of the tasks.

A further foundation for the determination of the energy strategy is the economic decision criterion for the development of the economy. According to the law of the economy of time, this is the requirement to create a maximum of utility values with an available quantity of living and objectified working time or--in its dual mode of expression--the requirement to attain a planned quantity of utility value with a minimum of living and objectified working time. This economic decision criterion of the economy forms the basis for the objective justification of the strategy lines for developing the energy-supply industry of a concrete period. In this context, the strategy lines refer to the development of the energy-supply industry as a whole within the framework of the economy as well as also to the shaping of the internal structure of the energy-supply industry. Regarding the internal structure of the energy-supply industry, especially the following strategy lines are to be traced in their dynamic:

- Structure of the economic means used for the development, replacement, and restructuring of the energy basis and for general rationalization of all energy processes;

- Use of the country's own primary energy sources in proportion to the import of sources of energy;

- Structure of the plants for the transformation of primary energy into refined sources of energy and structure of the use of the refined sources of energy.

The development of the energy-supply industry must be studied on a long term, foresighted basis with regard to the future. This requirement is being met in the socialist planning practice on the basis of the objective effect of the law of the proportional development of the economy according to plan. Permanent scientific study of the long-term possibilities for the development of the energy-supply industry within the framework of the economy offers the basis for an increasingly better prediction of changed developmental conditions. As a result it will be possible to develop changed qualitative and quantitative characteristics of the energy strategy. The history of GDR economic policy demonstrates that great attention has always been paid by the government to the strategic planning of the energy-supply industry based on long-term foresighted studies.

### 3. Expansion and Increase in Effectiveness of the GDR Energy Base in the Seventies

#### 3.1 Primary Energy Consumption and Economic Growth

The object of the analysis is the development of the primary energy consumption in the country.

The amount of primary energy consumption is related to the economic demands on the energy basis. In accordance with the consumption demands, primary energy targets have been continuously increased in the past (see Figure 1). Thus, the per-capita consumption of primary energy was increased from 138 GJ per inhabitant in 1960 to 213 GJ per inhabitant in 1980, i.e., to 155 percent.

The primary energy consumption can be viewed in connection with the growth of the national income (Figure 2). As a result, it becomes evident that especially qualitative changes in the formation of the reproduction process influence the rate of growth of primary energy consumption.

In the sixties the stage of the predominantly extensively expanded reproduction in the GDR was concluded. For this period, relatively high annual rates of growth of primary energy consumption were required. Thus, the average rate of growth between 1961 and 1965 was 3.2 percent a year.

Figure 1: GDR Primary Energy Consumption

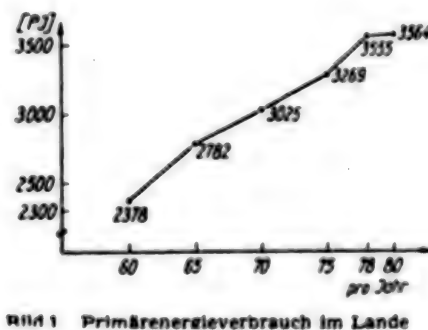


Figure 2: Development of Primary Energy Consumption Related to Growth of National Income

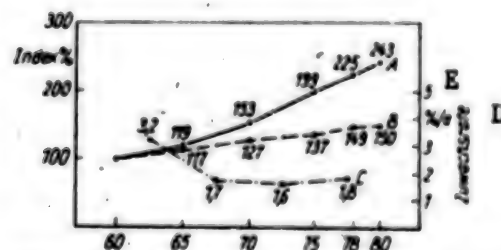


Bild 1. Entwicklung des Primärenergieverbrauches im Zusammenhang mit dem Wachstum des Nationaleinkommens

- A Index Nationaleinkommen
- B Index Primärenergieverbrauch
- C Zuwachsrate des Primärenergieverbrauches

Key:

- A. Index of national income
- B. Index of primary energy consumption
- C. Growth rate of primary energy consumption
- D. Growth rate
- E. % per year

The subsequent economic policy line of the predominantly intensively expanded reproduction of the economy found expression in the following:

--in continuing increasing long-term rates of economic growth; the average annual growth rate of the produced GDR national income in the seventies was 5 percent;

--in the possibility to reduce the growth of primary energy consumption to a lower level while maintaining high economic growth; the average annual growth rates per 5-year plan period were only between 1.6 and 1.8 percent.

Thus there was a significant reduction of specific primary energy consumption per unit of national income; this indicator of primary energy intensity declined from about 33 GJ/M (1965) to about 20 GJ/M (1980).

This increase in the effectiveness of the use of primary energy production presented here by the example of macroeconomic indicators is a result of the purposeful rationalization of all energy processes. The policy of efficient energy use and energy saving as a concrete expression of the predominantly intensively expanded reproduction of the energy basis is an important element of socialist energy strategy. Its value among the energy-strategic elements has increased in recent years; as an objective requirement of the socialist economy, rational use of energy is an indispensable component of the socialist energy strategy in all stages of development. The contribution by O. Dengel to the 12th WEC Congress, "Strategy of Management and Planning of Rational Energy Use in the GDR," presents this thinking in detail.

### 3.2 Structure of Primary Energy Consumption

Brown coal is the most important GDR primary fossil energy source. It is supplemented by relatively small quantities of low calorie natural gas and a running water potential insignificant for the energy balance that is being utilized almost completely. Such a situation regarding one's own primary energy sources requires decisions on the basic development of the energy-supply industry to a much greater extent than is required in a diversified structure of primary energy sources. The following decisions have to be made:

--Development of the energy-supply industry with a high share of imported primary energy or

--Development of the energy-supply industry with priority use of the GDR's own special primary energy sources.



The decision of the GDR in this question is based on economic calculations on the level of the entire economy, taking into account long-term periods, use of opportunities for scientific-technical development and on the conditions and possibilities for the development of the economic relations of the CEMA countries.

The GDR energy-supply industry has been and is being developed with priority utilization of its own primary energy sources. This element of the energy strategy is reflected in the structure of the primary energy consumption in the shares of its own production and imports as well as in the organization according to sources of energy (Table 1).

With a share of 70 percent and more of its own production, the national sources for many years have formed the dominant part of the energy base. Its absolute quantity was constantly increased in the seventies, too. The tendency of the relative decline of this share to below 70 percent (1978) was met with the implementation of the government resolutions on energy strategy in 1979.

The strategy line of the continual energy rationalization is linked in the GDR with the strategy line of maximum utilization of its own primary energy sources, especially crude brown coal, with simultaneous economizing on imported sources of energy.

Crude brown coal meets the following shares of primary energy consumption and of the GDR's own production, respectively (in %)

<u>Crude Brown Coal as Source of</u>	<u>1970</u>	<u>1975</u>	<u>1978</u>	<u>1980</u>
1. Primary energy consumption	78.4	68.0	64.0	64.5
2. GDR's own production	97.2	93.7	91.4	90.6

During 1970-1980, more than 250 million tons of crude brown coal were mined on the average per year. At the same time, new developments and expansions of mines took place that made it possible to achieve an annual production of about 267 million tons in 1981, the thus far highest level. With further mines being developed, preparations are being made for an annual production of about 295 million tons by 1985. However, this production level, especially its use, will determine the future position of crude brown coal as part of the energy strategy.

Table 1. Structure of GDR Primary Energy Consumption by Sources of Energy and Share of its Own Production

Tabelle 1. Struktur des Primärenergieverbrauches im Lande nach Energieträgern und Anteil Eigenerzeugung

(1) PJ (in Klammern Prozentangaben)	1970	1975	1978	1980
(2) Feste Energieträger	2 998,3 (83,9)	2 414,3 (73,8)	2 488,3 (78)	2 465,3 (68,6)
(3) davon:				
(4) Eigenerzeugung	2 376,4 (78,3)	2 214,9 (87,7)	2 234,4 (83,4)	2 204,9 (84,7)
(5) flüssige Energieträger	294,4 (12,0)	618,9 (18,7)	733,9 (28,8)	823,8 (17,8)
(3) davon:				
(4) Eigenerzeugung	18,8 (0,3)	2,3 (0,0)	3,0 (0,1)	2,3 (0,0)
(6) gasförmige Energieträger	23,3 (0,8)	205,3 (6,3)	240,4 (8,8)	303,4 (8,8)
(3) davon:				
(4) Eigenerzeugung	20,5 (0,7)	99,9 (2,8)	117,7 (3,3)	165,8 (3,8)
(7) Elektroenergie aus Kern- und Wasserkraftwerken und Elektroenergieimport	9,3 (0,3)	29,3 (1,2)	83,4 (3,8)	129,1 (3,8)
(3) davon:				
(4) Eigenerzeugung	9,0 (0,3)	21,8 (0,8)	83,8 (3,4)	128,8 (3,8)
(8) Summe Primärenergieverbrauch	3 625,4 (100)	3 298,7 (100)	3 555,1 (100)	3 593,9 (100)
(3) davon:				
(4) Eigenerzeugung	2 414,9 (78,8)	2 242,1 (71,7)	2 489,7 (80,2)	2 238,7 (71,2)

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Key:

1. PJ (in parentheses in %)
2. Solid sources of energy
3. Including
4. Own production
5. Liquid sources of energy
6. Gaseous sources of energy
7. Electric energy from nuclear and hydroelectric power plants and electric energy import
8. Total primary energy consumption

The sources of the GDR's own natural gas are being completely utilized. Its own natural gas was introduced with high growth rates into the energy-supply industry. Within 3 years (1970-1973) the production was raised from about one billion cubic meters a year to more than 7 billion cubic meters a year. Thus the GDR covers 35 percent of the primary energy consumption of gaseous sources of energy (in terms of calories). The importance of the GDR's own natural gas in the energy strategy lies in the efficiency-improving effect through direct use as general purpose energy and in its function in substituting especially imported liquid sources of energy.

Nuclear energy is being continuously integrated according to plan into the energy balance on the basis of the close economic integration of the CEMA countries, especially with the USSR. The first GDR nuclear power plant with 70 megawatt was put into operation in 1966. With the second nuclear power plant that is now in the process of further expansion, 1760 megawatt was installed between 1974 and 1980. The increased use of nuclear energy thus far has become effective as an element of the GDR energy strategy especially in electric power production. The share of electric energy production from nuclear power plants in the total electric energy production was increased from 0.8 percent in 1970 to 12 percent in 1980. At this time, 3.5 percent of the primary energy consumption is being met on a nuclear basis.

Cooperation with the CEMA countries also constitutes the basis for meeting GDR demand of petroleum and high-calorie natural gas as well as special solid sources of energy for which the GDR has no sources of its own. Oil imports from the USSR assured the development of efficient oil refining for the production of basic chemical products and liquid combustibles and propellants. The high economic importance of the oil products to the GDR is reflected in the fact that

--their application is being increasingly concentrated on the use as materials,

--in the energy use, priority is given to meeting the demand for propellants and especially

--fuel oil is being substituted as source of energy used in boilers and steam generators by other sources of energy, with priority given to domestic ones.

The absolute reduction of liquid sources of energy for meeting primary energy consumption between 1978 and 1980 by 15 percent was continued in 1981 with a further reduction of 6.7 percent over 1980. Further substitution of fuel oil and reduction of the specific consumption in the use of liquid sources of energy shape the continual energy rationalization process also in the future.

Imported natural gas was included with an increasing share in the balance for meeting the primary energy demand (5.5 percent in 1980). It forms the energy basis for important high temperature processes whose specific energy consumption is thus decisively reduced. By participating in the development and expansion of the pipeline system from the USSR to the other CEMA countries, the GDR has ensured and continues to ensure the utilization of this high-calorie natural gas to increase the effectiveness of using this source of energy by substitution



of it for liquid sources of energy and finally by its use in the production of material products and in high-temperature processes.

About 5-6 percent of primary energy consumption is for material use and 95-94 percent for energy use. The part used for energy forms the basis for meeting the general purpose energy demand.

### 3.3 Structure of General Purpose Energy

Table 2 shows the development of the general purpose energy demand in conjunction with the primary energy consumption for energy use.

In the seventies, the general purpose energy demand increased further, especially in connection with the implementation of the comprehensive housing construction program, as a result of which about 1.5 million dwellings were newly constructed or modernized. The average annual growth rate amounted to 1.9 percent. During this period the GDR government also approved and implemented decisive measures concerning the energy strategy. The strategy line of rational energy use was developed into the central element of the energy policy. As a result of these energy strategy measures, the at times very great increase in demand was eliminated and, starting in 1979, reduced to a level far below 1 percent. The result is based on the practical application of technical-technological and organizational measures for reducing the specific energy demand in all processes. It constitutes a real increase of the effectiveness in using the energy sources and was achieved with an increase of the produced national income by more than 4 percent a year.

A significant contribution to energy rationalization was also made with regard to the processes of producing, transforming and transporting the sources of energy. This is reflected in the further increase of the degree of overall effect. While its increase between 1970 and 1975 was based predominantly on changes in the structure of the sources of primary energy, subsequently it had to be ensured with other measures, based on the strategy of the continual energy rationalization, in the energy transformation processes themselves.

The development of the structure of the general purpose energy according to sources of energy (Table 3) makes evident the achievement of the main energy lines concerning the use of the sources of energy among the various consumer groups according to the rationalization measures.

In the biggest consumer group, the heat processes, significant rationalization effects were achieved as early as between 1975 and 1978; the average annual growth was 2 percent below the general purpose energy growth; its share in the general demand was declining. Between 1978 and 1980, an absolute reduction in consumption of nearly 2 percent was achieved.

In space heating, the great increase of demand during 1978/1980 was stopped by means of rationalization of energy use. The 1980 demand was no higher than that of 1978 and lower than in 1979. The use structure of the sources of energy was changed during the entire period by a growing share of district heating (almost 30 percent in 1980). The measures to save fuel oil are reflected in space

heating in a 30-percent reduction of the fuel oil use for steam and hot water production in 1980 over 1978.

Table 2: Primary Energy (Energy Use), General Purpose Energy, Degree of Overall Effect

<u>Primary Energy</u>	<u>1970</u>	<u>1975</u>	<u>1978</u>	<u>1980</u>
General purpose energy (in PJ)	1,724.5	1,882.6	2,059.1	2,086.0
Growth rate of general purpose energy (in % per year)	1.8	3.0	0.65	
Primary energy (energy use) (in PJ)	2,911.9	3,076.1	3,342.2	3,370.5
Growth rate PE (energy use, in % per year)	1.1	2.8	0.42	
Degree of overall effect (in %)	59.2	61.2	61.6	62.0

Table 3: Structure of General Purpose Energy by Sources of Energy (in %)

<u>Sources of Energy</u>	<u>1970</u>	<u>1975</u>	<u>1978</u>	<u>1980</u>
Solid fuels	45.9	39.1	36.5	38.3
Liquid fuels	5.1	6.2	6.9	4.9
Propellants	11.2	13.1	13.6	13.3
Gaseous fuels	6.8	7.9	7.7	8.8
Electric energy	10.0	11.7	12.3	13.5
Steam and hot-water heat	21.0	22.0	23.0	22.2

Reduction of the specific use of energy sources and substitution by crude brown coal in heating stations and boiler installations formed the basis for that.

With the conversion of the railroad from steam traction to diesel and electric energy traction for the propulsion of vehicles, the absolute energy demand for this sector was definitely reduced; at the same time, a growth in the fuel need for individual consumer demand from 9.5 percent between 1970 and 1975 to 6.6 percent between 1975 and 1980 was attained.

Development of the electric energy share corresponds to the demands of the increasing degree of automation and mechanization in industry, the degree of electric household equipment available to the consumers, the growing electric energy traction of the railroad, as well as the demands arising from the increase of performance in construction and agriculture. The use of electric

energy as general purpose energy was developed with considerably higher growth rates than the total amount of general-purpose energy according to its special importance in the economy and for consumer supply: 5.0 percent per year during 1970/1975, 4.7 percent per year during 1975/1978, and 1.5 percent a year during 1978/1980.

The further increase of the electric energy share will be continued in the future, too; it will become greater to the degree that the share of nuclear energy on primary energy basis is increased.

#### 4. Main Lines of the Energy Strategy for the Future Development of the Energy-Supply Industry

The GDR energy strategy as a component of the total economic strategy has been derived from the objective action of the economic laws of development of socialism. Therefore it has been necessary and continues to be necessary to study and analyze the concrete conditions for the action of these laws in the future, let us say for the eighties with the outlook for the year 2000. In this connection, two questions are in the center of attention:

1. What are the natural sources of energy and the transformation technologies on which the future availability of energy can be based?
2. How can energy be used more and more effectively to produce a maximum of end products from the available quantity of living and objectified labor?

These formulations of the problems make it clear that the energy policy is shaped by the dialectical unity of the development of the availability of the sources of energy and the rational use of the sources of energy. The completely conscious practical application of this unity of availability of sources of energy and rational energy use, i.e., the integrated realization of the main energy policy lines, provides a qualitatively new character to the GDR energy policy of the eighties.

The strategy lines of the rational energy transformation and application have been developed as the center element of the energy policy since the end of the seventies. This finds its concrete expression in the target of the 1981/1985 5-year plan to ensure an annual average 5-percent growth of the national income with growth rates of primary and general purpose energy well below 1 percent a year. In this period, energy rationalization measures will be achieved that will so reduce energy consumption in relation to national income that in 1985 a saving of roughly 550 PJ over 1980 will be possible. The results already achieved testify to the realism of the goals. The 1981 general purpose energy demand was 0.7 percent below that for 1980.

The process of energy rationalization increasingly takes on qualitatively new features. This includes in the first place the reduction of the use of specific sources of energy, which by its nature signifies active and accelerated restructuring of the use of refined sources of energy. The energy rationalization process as the center element of the energy policy, will concentrate more and

more on the special achievement of such a structure of the use of the source of energy for which in the long run

--the primary energy basis can be safeguarded as well as

--at the same time the greatest economic effect in the use is made possible.

In this connection, a special priority until 1985 is the replacement of fuel oil in boilers and steam generators. It is economically more effective to use the products of the oil to be imported by the GDR to meet the growing demand of material products, propellants, and in selected high-temperature processes.

The structural change in the use of sources of energy through energy rationalization includes the task to expand the energy base by developing secondary energy sources.

In 1985 a secondary energy potential of 8.6 PJ a year will have been developed.

Maximum utilization of GDR brown coal in the development of the primary energy base will be a principal line in the GDR energy policy in the future, too. It will receive new accents in close connection with the further main line of the energy policy of the increased use of nuclear energy on the basis of the socialist economic integration within the framework of the CEMA countries.

Brown coal production will be increased to 295 million tons a year by 1985. Development of open-pit mines for a further increase to about 300 million tons a year in 1990 is now also taking place. This very high level of production over several years is the quantitative basis for maximum use of brown coal. However, this main energy policy line will increasingly find its qualitative expression in the future in increased brown-coal refining. The increasingly more effective and, in this sense maximum, utilization of GDR brown coal is linked with the stepped-up utilization of nuclear energy by means of this link. Nuclear energy plays an important role for the GDR in the development of the structure of the primary energy base. The growth increase in primary energy in the nineties is to be met by nuclear energy to balance the reduction of fossil sources of primary energy (especially GDR natural gas) as well as to free brown coal as source of energy to be used for electric energy. Thus in the future nuclear energy must contribute to making growing use of the values of brown coal. By 1985, the share of electric energy produced on nuclear basis will increase to 14 percent. With the completion of the final stage of the "Bruno Leuschner" nuclear power plant, the GDR in the second half of the eighties will have a nuclear capacity of about 3,600 megawatt based on 440 megawatt pressurized water reactors of Soviet construction. As part of the joint program of the CEMA countries for the utilization of nuclear energy, with a 1000-megawatt pressurized water reactor, a new generation will come into use also in the GDR and the use of nuclear energy for heat supply will be prepared.

All elements of the energy strategy are based also in the future on the comprehensive utilization of the results of science and technology. Their solution is being systematically safeguarded with complex research tasks for scientific institutions of the ministry for coal and energy, for scientific institutions of



energy installation construction and for research facilities of main energy consumers. Basic research tasks on energy problems are being coordinated by the GDR Academy of Sciences and the universities and technical colleges and are being solved in coordination with industry as well as within the framework of the cooperation of the academies of sciences of the CEMA countries.

#### Summary

The GDR has an efficient energy-supply industry. Its development is being planned and implemented according to strategic main lines that are based on the conscious application of the objective laws of development of the socialist society.

The center element of the GDR energy strategy is the continual rationalization of all energy transformation and implementation processes. The result is reflected in an increase in the national income with average growth rates of 5 percent a year between 1970 and 1980, growth rates that were ensured with primary energy growth rates of only about 1.7 percent a year.

Maximum utilization of the GDR's own primary energy sources, especially of crude brown coal, determines the structure of the energy basis. Crude brown coal production amounted to 267 million tons a year in 1981 and will be increased to 295 million tons a year by 1985. As a result, an increase in the effectiveness of the use of imported sources of energy is assured by reducing especially fuel oil use in boiler installations and steam generators and giving priority in the use of oil products to their application to basic chemical materials and to meet the demand for propellants.

The greater use of nuclear energy guarantees an increase of electric energy production on a nuclear basis from 12 percent in 1980 to 14 percent in 1985, increasingly ensures primary energy growth and the balance of the reduction of energy imports according to plan and guarantees a higher degree of refining of the GDR's own crude brown coal.

The complex research programs will ensure the scientific-technical prerequisites for the implementation of the GDR energy strategy.

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MERCHANT FLEET SERVICE ADAPTED TO FOREIGN TRADE DEMANDS

East Berlin SEEWIRTSCHAFT in German Vol 15 No 11, Nov 83 pp 532-534

[Article by Ute Landgraf, Rostock Deutfracht Shipping Company VEB:  
"Structural Changes of Selected DSR (German Merchant Shipping) Liner Services--  
Adapted to the Demands of Foreign Trade"]

[Text/ The Deutfracht Shipping Company VEB, Rostock, as a large socialist shipping company with universal character carries on liner shipping service as well as tramp shipping and possesses a variety of ship types meeting the needs of the GDR economy as well as those of the world sea markets. With ship holdings of 174 units, the DSR in 1982, the 30th year of its existence, represented a total tonnage of 1.6 million dwt. Nearly half of the tonnage is used in liner service while the remaining capacity is earmarked for refrigerated and bulk-goods shipping, primarily for the import of ores, apatite, coal and grain as well as tropical fruit and petroleum. The DSR carries on tramp shipping in the North Sea/Baltic area with smaller units. From GDR ports liner services are being dispatched to Europe's most important seaward transshipping points and to the ports of Algeria, the North and South Levant, Egypt, West Africa, East Africa and the Red Sea, the East coast of South America, Cuba, and Mexico, Sri Lanka and Bangladesh, India and Pakistan, Southeast Asia and the Far East. GDR ships in liner service also operate regularly between Mediterranean ports and the Near East ports.

In terms of management since 1968, shipment by sea has been organized into the three fleet regions of Asia/America, Mediterranean/Africa, and special and coastal shipping, which offer sea transport performances in the service of the national and international stevedoring companies with 27 liner services at present. The structure of the liner services, especially the routes of the individual liner services and the development of the liner network in the fleet regions are subject to constant changes in adaptation to market requirements. Below the most important changes are reported for selected areas of the three fleet regions, whereby in each case all liner services are mentioned with their official designation (as of 31 December 1982).

Asia/America Fleet Region

1. GDR--Continent--Hong Kong--Japan--Bangkok (Japan Express Service)  
Bangkok--Singapore-Malaysia--Continent



2. GDR--Continent--Malaysia--Singapore--Djakarta (South Asian Express Service)  
Japan--Hong Kong--Continent
3. GDR--Continent--India--Pakistan--Bangladesh--Sri Lanka
4. GDR--China/Korea
5. GDR--Cuba/Mexico
6. GDR--Continent--South America (East coast)
7. GDR--Continent--Middle East (Gulf ports)
8. GDR--Continent--Middle East (Gulf ports)  
India--Pakistan--Continent (semicontainer service)
9. GDR--Malmo-Antwerp--Vietnam

A series of significant changes have taken place in recent years in the two first-mentioned liner services. Since 1 January 1969, the Far East service operating until then as a tramp service was transformed into a liner service that also served ports in the PRC and in the DPRK.

When the DSR joined the Far Eastern Freight Conference (FEFC) starting 1 October 1973, a change in the routes in the East Asian liner services became necessary, which corresponded to the then prevailing market conditions and the technological possibilities of the DSR and took into account the following ports of call: Rostock, Hamburg, Bremerhaven, Rotterdam, Antwerp, Singapore, Bangkok, Hong Kong, and Yokohama. Starting 1 August 1980, the changed conditions in the route area and the stepped-up competition of the shipping companies among themselves were taken into account in dividing the former service into the Japan Express Service and the Southeast Asia Express Service with the following routes:

#### 1. Japan Express Service

##### --Outgoing (Express Departure Europe/Far East)

from: Rostock, Hamburg, Bremerhaven, Antwerp, Rotterdam (for loading)

to : Hong Kong, Kobe, Yokohama, Bangkok (for unloading)

##### --Returning (Express Departure Southeast Asia/Europe)

from: Bangkok, Port Kelang, Singapore, Penang (for loading)

to : Rotterdam, Antwerp, Hamburg, Rostock (for unloading)

## 2. Southeast Asia Express Service

### --Outgoing (Europe/Southeast Asia Express Departure)

from: Rostock, Hamburg, Antwerp, Rotterdam (for loading)  
to : Penang, Port Kelang, Singapore, Djakarta (for unloading)

### --Returning (Far East/Europe Express Departure)

from: Yokohama, Kobe, Hong Kong (for loading)  
to : Hamburg, Rotterdam, Antwerp, Rostock (for unloading)

Thus the market demand for reducing the transit times for Europe/Japan, Hong Kong and Japan, Hong Kong/Europe could be met. The frequency of departures was increased from one departure a month to two departures outgoing and returning.

Changes in the routing also for the India and Gulf service also result from the necessity to employ more tonnage for handling the transports in the continuously developing trade with Japan. Following extensive studies of various alternatives to achieve the tonnage movement, the new route of the Gulf service (GDR-Middle East Service) was drawn up, some of the ships returning via India. To follow the technological development trend, semicontainer tonnage is used, whereby the necessity for containerization in the India area is being taken into account. Moreover, the Gulf Service will no longer have any unused tonnage when returning home. The liner service has been officially designated as GDR-Continent-Middle East (Gulf ports)-India-Pakistan-Continent service and has the following ports of call:

--Outgoing: Rostock, Hamburg, Rotterdam, Antwerp, London, Bilbao (for loading),  
Dammam, Kuwait, Basrah, Khorramshahr, Abu-Dhabi, Dubai (for unloading);

--Returning: Chalna (Bangladesh), Calcutta, Madras, Colombo, Cochin, Bombay (for loading),

Antwerp, Rotterdam, Bremen, Hamburg, Rostock (for unloading).

The conventional India service, with the official designation of GDR-Continent-India-Pakistan-Bangladesh-Sri Lanka service, is operated over the following route: --Outgoing: Rostock, Hamburg, Bremen, Antwerp, Rotterdam (for loading), Karachi, Bombay, Colombo, Madras, Calcutta, Chittagong (for unloading);

--Returning: Bangkok, Singapore, Port Kelang, Penang (for loading)

Antwerp, Rotterdam, Hamburg, Rostock (for unloading)

In this service, XD ships are used which on their way home call at Southeast Asian ports for loading. To adapt the services offered by the merchant fleet

to the needs of foreign trade, and the demands of the international market, such structural changes were also made in the Mediterranean/African fleet region.

#### Mediterranean Sea/Africa Fleet Region

1. Mediterranean-Middle East (Gulf ports)--conventional service
2. Mediterranean-Middle East (Gulf ports)--container service
3. GDR-Continent-West Africa
4. GDR-Continent-Lagos (container service)
5. GDR-Scandinavia (Denmark)-Continent-East Africa (container service)
6. GDR-Mozambique-East Africa-Great Britain
7. GDR-Continent-Red Sea
8. GDR-Scandinavia (Denmark)-Continent-Red Sea (container service)
9. GDR-Continent-Eastern Mediterranean (container service)
10. GDR-Continent-Eastern Mediterranean (conventional)
11. GDR-Albania
12. GDR-Algeria--conventional service
13. GDR-Algeria--container service
14. GDR-Arab Republic of Egypt

Taking into account the current market demands, the container services to Nigeria and Algeria were added to the shipping company's maritime transportation program. Since 1982, full container service with monthly departures is being offered over the Rostock-Hamburg-Antwerp-Amsterdam-Rouen-Lagos route.

For the past few years the East African ports are being served with two services with the following ports of call:

#### --Conventional service with monthly departure

Outgoing: Rostock (for loading)

Maputo, Beira, Nacala, and Dar-es-Salaam (for unloading)

Returning: Maputo, Beira, Nacala, Dar-es-Salaam, Tanga (if necessary) and Mombasa (if necessary) (for loading)

UK ports and Rostock (for unloading)

—Full container service (one departure a month)

Outgoing: Rostock, Aarhus, Hamburg, Rotterdam, Antwerp, Port Sudan,  
and Djibouti (for loading)

Mombasa and Dar-es-Salaam (for unloading)

—Returning: Mombasa and Dar-es-Salaam (for loading)

Continental ports, UK ports, and a Scandinavian port  
(Aarhus) (for unloading)

This full container service to East Africa was expanded to Djibouti in mid-1982 and to Port Sudan in 1983.

#### Special and Coastal Shipping Fleet Region

1. GDR-USSR (Ro/Ro service)
2. GDR-Western Finland
3. GDR-Southern Finland (Ro/Ro service)
4. GDR-Great Britain (Ro-Ro service, container and conventional service)

In this fleet region, changes have taken place in recent years regarding the GDR-Great Britain liner service.

A few years ago, calls were made in conventional service at the ports of London, Ipswich, and King's Lynn with a frequency of 20 departures a month. On account of the variable shipping loads, at present the Rostock-Ipswich liner service offers a maximum of two departures a month and King's Lynn is being served by tramp service only.

The container traffic, which a few years ago served Tilbury, Denton Wharf, and Felixstowne as ports of call three times a week, is now organized as follows:

Rostock-Denton Wharf (four departures a month) and Rostock-Tilbury (four departures a month); no calls are made at Felixstowne any longer. For about a year and a half, Denton Wharf is being served by MS "Radeberg" and Tilbury by MS "Kroepelin." Additional tonnage is being employed only during peak periods, e.g., for the end of the year traffic. Nothing has changed in the Ro/Ro service in recent years. Weekly departures to Hull are being offered. In the future, a new liner service to the USSR will meet the demands of foreign trade, especially of the Chemical-Export-Import foreign trade enterprise by employing a tanker for chemicals in the Rostock-Ventspils area which will handle the ammonia imports for the Rostock Fertilizer Plant.

The GDR-USSR Ro/Ro service is being supplemented by the use of additional tonnage.

All these examples make it clear that constant changes in the liner services are being undertaken in the interest of a versatile service for the customers. Therefore, the DSR VEB in the future, too, will constantly try to adapt at all times to the important trends of development in shaping modern maritime transportation. Aside from the versatility of the services offered, importance is being attached to good handling of loading and comprehensive and always individual customer service for liner and container services as well as to the most effective variants for the transportation of bulk and special shipments. Customers can also depend on the complex performance offered for installation transports. By putting additional Ro/Ro ships in service, the DSR consistently continues its concepts in this important field of the employment of modern tonnage. By taking over a special tanker for transporting ammonia, the DSR follows the directions of development of the national foreign trade. Thus the DSR continues to remain true to the principle of giving priority to aligning the development of the fleet with the demands of the GDR foreign trade and at the same time taking into account the requirements of the international division of labor.

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## SHARES PROVIDE CAPITAL FOR AGRICULTURE

### Credit Complement

Budapest MAGYAR HIRLAP in Hungarian 6 Jan 84 p 7

[Article by Nandor Keresztenyi: "The Bond Helps--If Not Enough Credits Are Available for Development--Cooperatives Are Also Making a Try"]

[Text] The pioneers in the beginning of the 19th century, those weavers of Rochdale, when they had established with 28 pounds the first cooperative of the world, had defined merely by raising that money the main principle of the cooperative concept, i.e., that of a collective and voluntary financial undertaking designated to pave the way of the future. Thus I would not say that we witness a radically new phenomenon when reading the by-laws which regulate the partnership of members, for example in the undertakings of agricultural cooperatives. True, we need this particularly now when the state subsidies and even the size of further credits declined substantially. Special purpose capital stocks and the subscription to bonds may help us in taking the hurdle.

### Profits Before Taxes

I am talking with Dr Gyula Kabay, deputy director of the economic department of the TOT [National Council of Producer Cooperatives] about the present situation and the prospects of the future.

"In November 1983 a decree of the finance minister revised the rules concerning the financial conditions of business relations between producer cooperatives and their members, since as a result of an amendment in the law on collective farms, a new possibility has emerged for strengthening their mutual financial relations," Gyula Kabay explains. "For the earlier system of contributions to production-development projects did not live up to the expectations, because it was not clear whether or not it was desirable to increase the contribution of members to the growth of the farm. Ideological uncertainties played quite a role and thus the total mount of contributions accumulated nationwide, and at the price of some difficulties, reached only the sum of 200 million forints. A further problem was that the interest rates could not exceed those paid by the OTP [National Savings Bank] and the moneys invested were not insured. However at present 9 percent can be paid, which

is the maximum interest on any savings account. Its other advantage is that this interest can be paid on one-year fixed accounts, while at the OTP the maximum interest rates can only be applied to accounts non-demandable for seven years. The disadvantage however is that this 9 percent can only be paid on profits before taxes. The money must be placed in the development fund, it can be used according to the rules governing this fund and will have to be repaid from it. However, depending on the decision of the producing cooperative the interest rate may be raised by another 3 percent to 12 percent. While there is no limitation concerning the contribution to production-development projects, the sum of the special purpose capital stocks cannot exceed 200,000 forints per member."

/Can we expect some progress as a result of all this?/

"By all means. In the opinion of the Presidium of the TOT National Council of Producing Cooperatives the ties should be strengthened. The aforementioned 200 million forints should grow not only as a result of the individual work of the members but also with the help of their capital contributions and thus we may account with a considerable increase of that sum. On the other hand we have another formula, still in an embryonic state, i.e., the bond, that can be subscribed not only for communal projects, telephone for example, but also for business, although only with a special permission of the ministry of finance. Another feature of the bond is that it can be subscribed not only by members of collective farms but also by any other person, and thus it is an expedient for general capital accumulation."

It Started at Nagyredé

/How did the cooperative farms live up to their capacity to subscribe to bonds?/

"The agricultural cooperative of the village of Csaszar of Komarom and Nagyredé of Heves counties have obtained permission from the finance minister to do so. Yet we think that the special purpose capital stocks and the contributions to production-development projects should be developed and these should not be curbed by any financial regulation. Many collective farms have already adopted this system of activation but they need time to overcome their hesitation."

When bidding farewell, the deputy director of the economic department suggested that, since I told him that I am going tomorrow to Nagyredé, I should put the question to the Chairman of the local Vineyard and Producer Cooperative, Sandor Frecska: "If you had the possibility of subscribing to the special purpose capital stock, which are legal since November, and which yielded up to 12 percent interest, would you still choose the bond?"

I posed this question and here is Sandor Frecska's answer: "The special purpose capital stock is indeed a form that is simple to handle and no special permit from the minister of finance is required for it. We have obtained a licence for only 10 million forints, this is what we applied for and on September 1st through the contribution of 400 families, all of them members of the cooperative, this money has been collected. We took the

initiative last spring and worked out with the managers of the SZOVOSZ National Federation of Cooperatives a system whereby the savings bank does not suffer losses, the cooperative fares better and it is the most suitable solution also for the members. But you should also talk with Mrs Alajos Herczeg, the chief bookkeeper of the Bank."

"True, our deposits have decreased by those 10 million forints, in other words, so much money fell out of our pockets," comments the chief bookkeeper. Yet her temper does not seem to be too somber. "We have had a partnership with the collective farm also earlier, and no loss of profits occurred to us. How is this possible? So that we are receiving for the issuance of the bonds and for the payment of interests such an amount in commissions that approximately compensates the decrease in our profits. Thus what we have lost on the swings has been made on the roundabouts. We cannot argue with a decree of the finance minister anyway. Members are entitled to decide whether or not they want to support the investments of their cooperative. In March we are going to pay the first rates of interests and the installment on amortization. As a matter of fact everybody will come out well and we had to swallow this unpleasant thing, which had been due over some time, sooner or later."

#### The Members Fare Better

"Since we pay on one-year fixed accounts only 5 percent interest, and on seven-year non-demandable accounts 8 percent, while the cooperative pays half of the 9 percent interests during the first three-and-a-half years, and the other half during the remaining four-and-a-half years. Thus its conditions are much more favorable."

/While I am here, may I ask you what is the amount of the deposits at Nagyrede?/

"One hundred million forints, from which 58,724,000 are deposited by inhabitants of Rede, and the rest is shared by the villages Atka and Gyongyoshalasz."

/And what is the source of this money?/

"Contributions between 5,000 to 400,000 forints per family. Profits from grapes, the cold storage plant and grafted shoot growing--these are the three pillars on which the cooperative's income is built. This amounted in 1980 to 324 million forints and this year we expect 454 million. Insofar as net profits are concerned, these increased during the last decade by approximately 4 million forints per annum. Yet while in 1980 our benefits amounted to 64 million forints, this year we expect 80 million forints, i.e., 8 million more than last year. As Chief Accountant Karoly Kondas explains, they were able to overcome the well-known problem of marketing by improvements in the quality. Thus this year 16,000 hectoliters of wines were exported to capitalist markets, instead of the originally planned 10,000 hectoliters and a further 4.1 million bottles to the socialist countries, in contrast with the 2-3 million bottles during previous years."

On our way home along the highway to Gyongyos, we stopped for a snack in a well-known inn, that fortunately stands close to the highway, and it provides me with a conclusion to this report. Here is what Ferenc Varga, a founding member of the producer cooperative of Nagyrede and currently chairman of the TSZ of Obuda, recalls about it:

"There stood once the "twin inn" owned by two brothers. People of the entire region went there and this childhood memory inspired me the idea that the then newly constituted producer cooperative should build a similar inn on the spot of the old that the Germans had blown up. People of Nagyrede then had also made their contributions. Each member offered 10 work units, the value of which we reimbursed from the money that we received from the consumer cooperative of Gyongyos. But then came Istvan Dobi and Ferenc Munnich to attend the opening of the inn--in vain--the then minister of domestic commerce refused to grant us licence for coffee making and for selling our own raspberry syrup, the latter only if we did not add soda to it.... We were compelled to sell the inn, "you have to plough and sow, this is your job" we were told.

#### Wheat Growing Project

Budapest NEPSZABADSAG in Hungarian 15 Jan 84 p 8

**[TI Release: "Bond for the Development of Wheat Growing"]**

**[Text]** The Hungarian Foreign Trade Bank and the Red Star Producer Cooperative of Nadudvar are issuing a joint bond. Its purpose is to create the financial basis for the implementation of the mentioned cooperative's program of promotion of grain export for convertible currencies.

The project contemplates increases in the output of wheat, by raising the yields per unit, on 24,000 hectares cropland and of corn on 13,000 hectares, pertaining to member farms of the Red Star Cooperative's Corn and Industrial Crop Growing Enterprise. According to the expectations wheat production will increase by 12,000 tons and corn production by 10,000 tons. Export for convertible currencies will accordingly grow by 2.8 million dollars.

The financial areas required for the purchase of machinery needed for the project are planned to be drawn through the joint issuing of wheat-bonds for a value of 180 million forints. The bonds can be bought by any business organization from its development fund. They will be issued in denominations of 100,000, 500,000 and 1,000,000 forints in order to enable a widest possible range of enterprises to buy them. The rate of interest on the bonds will be 12 percent. Their amortization will be carried out, beginning in 1987, through five years in equal yearly installments. The bonds issued can be put into circulation among the economic organizations.

12312

CSO: 2500/185



## OFFICIAL WEIGHS NATION'S ECONOMIC OPTIONS

Budapest HETI VILAGGAZDASAG in Hungarian 21 Jan 84 p 5

[Article by Laszlo Antal, department head of Financial Research Institute:  
"The Course of Our Development"]

[Text] Hungary belongs in the large but rather differentiated camp of indebted countries for whom maintenance of the ability to pay is important. This also means short-term economic constraints to come up with the foreign exchange that is necessary for amortization and interest payment not only for a period of years on the average but month to month. This situation compels the making of many decisions not compatible with rational management. Over the short term there are no choices, and the indebted countries must avoid the danger of insolvency independently of their social attributes, economic relation system, and the economic programs that are in process. In addition to reducing investments and government expenditures, it is impossible to avoid limiting consumer outlays, or more clearly, measures that influence living standards unfavorably, including price increases.

All of us are aware that Hungary is no exception. The choices over this short term are whether the unavoidable measures will manifest themselves in stagnation of the nominal wages, a limitation on social allowances, an increase in commodity shortages, or an increase in the price level. Good sense would dictate that we choose the lesser of two evils, avoiding under all conditions an increase in shortages and in addition shunning a rigid limitation on wages that would make it impossible for the enterprises to manage at all. (Sometimes regulation--and the enterprise managers are well aware of this--nears this limit when the enterprise area of mobility shrinks to the minimum.) Aside from several areas, we must also shun a narrowing of social allowances, for this would put the burden of social sacrifices necessary to keep us on our feet primarily on this sub-class which already finds itself in a disadvantageous situation.

Our options over the short term, therefore, appear to be the following: rather an increase in exports (even though these may not be economical) than a restriction on imports; rather a restriction on investments than on consumptions; rather a rise in the price level than an extension of shortage phenomena; rather let the uneconomic enterprises collapse than tax profits more severely. All these things together will make it possible for the



moment to avoid the dangers, but they will not start the process of development. Of course, no one is enthusiastic about restrictive decisions, even though they may be inevitable. Society and particularly those groups which are affected adversely by the changes expect a program which promises, if not quick results, a long-lasting perspective and beckons with the start of an economic upswing.

Thus the roots of present difficulties are economic--we need to develop a more competitive product structure--but the solution points far beyond the problem area of structural policy and economic organization. I would like to list only several of the urgent tasks, although not in the order of their importance and indicating only in some places the direction of the charge. We need to create variable enterprise formations assuring a broad scope for undertakings within the enterprise. We need to solve the problem and the glaring monopoly situation with firm organizational changes and, if necessary, with government measures. In this way and in part with the establishment of new enterprises and the elimination of the already restricted number of profile limits, we need to increase the number of market performers, the possibility of developing a competitive situation, and--where necessary--dismantle the restrictions that hinder market operation.

We need to undo the rigid wage regulation which restricts possibilities for independent enterprise decisions (the dress rehearsal for this should be an experimental wage regulation), putting in place of the rigid central restrictions state-regulated agreements of employer and employee (enterprise management, trade union, chamber of commerce and other interest representation organs, etc.). This would open, to be sure, the door to local conflicts, but would substantially ease the tensions between central guidance and the enterprises.

The greater dependence of enterprise management on the collective and the real possibility of failure under the given circumstances (this may be frequent in the case of managers, and is not excluded in the case of factory units and enterprises) would certainly increase social participation in the making of decisions, and would eliminate sooner or later the disinterest and alienation that unfortunately is now so frequently in evidence. Over the long run it could develop a policy technique of qualitatively higher level than we now have which would be characterized by appropriate appearances, a tolerance that takes into account the views of others, and the actual not only wished-for interpenetration of public property and individual interests.

For a good number of years there will be no way significantly to expand consumption and savings. The upswing in development we became used to cannot be restored in the foreseeable future. We have no surplus resources, and if we want to adjust to our environment--this is the condition for moving off of dead point--we must be able to redistribute existing resources, means, income and manpower. The organizations, institutions and forms necessary to do this--for example, small banks, bond issues, and other capital regrouping possibilities--are already in development although for the most part they may still be regarded as in outline. There are many obstacles to their extension which need to be overcome in developing the economic mechanisms now on the agenda.

The further development of the reform program begun in 1968 is the actual task of the near future, but we must clearly see that it cannot bring immediate and spectacular results even if it is carried out successfully, firmly and rapidly. The development of the new conditions of management goes with conflicts--among other things with the risk of failure--and we are not used to doing this. However, only in this way can we conceive the rise of enterprises capable of adjusting to the market.

In 1968 from the social, economic and political point of view we had a favorable period for introducing the reform, given a general economic upswing and an improving commodity supply. Now we cannot count on a good "back wind" like this. The further development of the reform in its new phase offers the perspective of protecting the situation we attained in the past two decades by dint of unflagging work, our social stability, and it can improve our adaptability. We can expect results over the short term in an improved market balance--and this is not to be discounted--the real freedom of the entrepreneurs and the enterprise managers to make decisions, and the increasing autonomy of workers (and not only in the narrow circle of small entrepreneurs). It is in this way that we can create a closer relationship between achievement and capability, between income and the possibility of superiority, the identification with tasks may be strengthened, and public attitudes improved.

6691

CSO: 2500/193

## PROSPECTS FOR INCREASED CONSUMER GOODS OUTPUT IN 1984 ASSESSED

Warsaw RZECZPOSPOLITA in Polish 28 Dec 83 p 3

[Interview with Tadeusz Golacki, director, Domestic Market Policy Board of the Planning Commission of the Council of Ministers, by Anna Sielanko: "Priority of Consumer Goods Production"; date, place not given]

[Text] The 3-year plan included the assumption of a definite increase in the supply of consumer goods, larger than the increase in general production. That prospect was not successfully realized in 1983. There was an increase of almost 7 percent in production, while in the supplies for people's consumption--only 4 percent (in industrial goods 6 percent). What were the reasons for this situation, and first of all what actions will be undertaken in order to increase consumer goods production in 1984, according to the directives of the CPR [Central Annual Plan] (namely, market deliveries have to grow by 7.2 percent and general production by 4.5 percent)? That was the question which a newspaperwoman from RZECZPOSPOLITA put before Tadeusz Golacki, director of the Domestic Market Policy Board of the Planning Commission of the Council of Ministers.

[Answer] It is a fact that the production of consumer goods in 1983 was not as dynamic as expected and this happened for a number of reasons. First of all is the fact, which was underscored by the delegates during the debate of the Sejm committee and which was also discussed at the 14th Plenum of the PZPR Central Committee, of the continued maintenance of the inefficient structure of our industry. That was the price to be paid for the policy of the 1970's and maybe as far back as the 1960's, caused by the wrong investment structure (not investing enough in consumer goods production).

The structure of our industry can be compared to hardened lava, which is very difficult to reshape. What makes it even more difficult is that even during the crisis the capital goods and heavy industry fared better (than, for instance, the light industry producing consumer goods, which suffered because of the shortage of imported raw materials, such as cotton or wool). This caused consumption goods production in some areas to decrease by as much as 50 percent. The mistake made (in 1983) was that while distributing resources in a "just" way, more or less equally for everybody, priority was not given to market industries.

In addition it is just these industries, producing goods for the people, which suffer most from the lack of workers. Here a striking example is the light industry. The reason for this is that these industries bring smaller returns (than the heavy and capital goods industries) and therefore pay lower wages. In recent years the decrease of the cadres, especially in the light industry, reached an almost catastrophic proportion, which was even more detrimental to those enterprises than their supply problems.

**[Question]** What conclusions can be drawn from this? What is necessary and intended to be done, under these circumstances, in order to achieve the increase of consumer goods delivery as projected for 1984 by the CPR?

**[Answer]** The industry must undergo structural changes. The crisis was caused in part by its structure of the 1970's. The same mistake should not be repeated. The market sector must be reinforced, because it is impossible to get out of this crisis with any other structure of economy. Still, one must be aware of the fact that it is impossible to bring about structural changes within the short time of a year or two. For this purpose long-term undertakings, which will demand the right investment policy, technical progress, etc., are indispensable. Preparatory work on the program of these structural changes for the years 1986-1990 is taking place already. According to the decision of the Politburo, the Planning Committee is supposed to deliver such a plan before June 1984. At the same time work is being done on further changes in this area with a longer perspective, up to the year 1995. An introductory document which will undergo consultations with the scientific sector is already available.

Parallel with those long-range projects, though, immediate efforts are already being undertaken now and will continue to be so in the future, which should show positive results in 1984. Strong preference will be given to the production of consumer goods, which was not applied very effectively in 1983. Income tax reductions, reductions in FAZ Vocational Activation Fund payments should be taken into consideration. In some of the enterprises the amortization fund will be left intact, or almost so, in order to allow them larger means for modernization purposes. This will apply to, among others: factories producing mechanical household furnishings, the cotton and wool industry, baked goods and dairy products. Credit will be directed in the first place to consumer goods industries and small scale manufacture. New regulations pertaining to the small scale industry are being prepared now which will stabilize its tax and supply policy. This should enable it to increase its supply of goods and services to the people in a very short time.

**[Question]** In that system of operative programs and government commissions for 1984, were the market needs given any consideration?

**[Answer]** Of course. The socially important program of clothing, footwear and knitwear for children and youth below the age of 15 is being continued. Government commissions will comprise many consumer goods, for instance: dishes, underwear, hosiery, footwear, fabrics, washers, refrigerators. The producers of the above articles will get priority in receiving supplies, which will include also those that are imported. What is most important is

the fact that the government orders apply also to some market investments, for instance, baked goods and food production plants.

[Question] Lately we hear a lot about the idea borrowed from the Hungarians about the association of economic enterprises. Do you see in them any advantages for the consumer market?

[Answer] The main purpose of their function should be an increase in the supply of consumer goods for the people. The working of these associations in Hungary brought very good results. The idea of this undertaking is the following: wherever there are raw materials available and workers willing to do additional, well-paid work, it makes sense to utilize the available machine plant also after regular work hours and on free days. The people, who will want to make additional money, will create in their enterprises this kind of association, which will act on principles similar to small cooperatives.

I also believe that introducing the experimental wage systems applied mainly to the consumer goods industry in 1984 will also bring about an increase of production.

[Question] Do you foresee in the new year the continuation of the solution introduced in July 1983 by the resolution No 88 of the Council of Ministers? That decision would allow the workers to receive additional pay for additional work.

[Answer] I must admit that there were different opinions about that decision. In my estimation its results are definitely positive. And this is not only because the market was strengthened by additional goods worth about 40 billion zlotys. The improvement in the wage situation has stopped the flight of the cadres from the light industry, which in turn creates conditions for further production increase in the future.

Thanks to that regulation, in the case of 7 out of 11 basic products of light industry the coming supply will be larger than planned, while in the first half of the year everything seemed to indicate that it would not even achieve its norm. It is obvious that in the last months of the year the production in that industry has revived and this new boom should be upheld even at the cost of increasing the wage fund. The matter is not yet completed, but personally I am for repeating the same or a similar operation in 1984. Right now we are in the process of a detailed analysis of the effects of that resolution. This will serve as the basis for formulating specific actions in the coming year.

12470

CSO: 2600/559



**FOREIGN CURRENCY LAW PASSED**

Warsaw DZIENNIK USTAW in Polish No 63, 26 Nov 83 pp 821-826

[Foreign Currency Law of 22 November 1983]

[Text] Section 1

**General Provisions**

**Article 1. This Decree regulates:**

- 1) the right to the ownership of foreign currencies by residents and aliens in this country and the right of residents to own such currencies abroad;
- 2) foreign-currency turnover and the principles governing financial payments and obligations in such turnover;
- 3) the duty of reporting the property of residents that is located abroad as well as the property of aliens that is located in this country, and restrictions on certain activities which do not constitute foreign currency turnover;
- 4) competences of the authorities concerning foreign-currency matters and the scope and principles of foreign-currency controls.

**Article 2. Residents as construed by the foreign currency law are:**

- 1) Polish citizens residing in this country;
- 2) aliens who reside in this country with the consent of the appropriate Polish authorities;
- 3) legal entities, and organizations and institutions which are not legal entities, whose seat is in this country, as well as their branches and representative offices in this country;
- 4) branches and representative offices in this country of legal entities as well as of organizations and institutions which are not legal entities, located in this country and pursuing profit-making activities;

- 5) foreigners' enterprises operating in this country;
- 6) Polish diplomatic delegations, consular offices and other Polish representative offices enjoying diplomatic or consular privileges.

Article 3. Aliens as construed by this law are:

- 1) foreigners resident abroad;
- 2) Polish citizens resident abroad;
- 3) legal entities as well as organizations and institutions that are not legal entities, and also their branches and representative offices, whose seat is abroad;
- 4) branches and representative offices abroad of legal entities and organizations and institutions that are not legal entities whose seat is in this country;
- 5) branches and representative offices in this country of legal entities, and organizations and institutions that are not legal entities, whose seat is abroad and which do not engage in profit-making activities in this country;
- 6) international organizations and institutions as well as their branches and representative offices;
- 7) foreign diplomatic delegations, consular offices and other foreign delegations enjoying diplomatic or consular privileges.

Article 4. The Minister of Finance will, ex officio or upon the proposal of concerned parties:

- 1) decide in cases of doubt concerning the foreign-currency status of the persons, organizations or institutions mentioned in Articles 2 and 3;
- 2) confer, in justified cases, resident status upon the persons, organizations or institutions mentioned in Article 3.

Article 5. The Polish citizens and aliens specified in Article 2, Points 1 and 2, are also considered residents during their temporary sojourn abroad, while the aliens and Polish citizens specified in Article 3, points 1 and 2, are also considered aliens during their temporary sojourn in this country.

Article 6. 1. The following are considered to be currency valuables:

- 1) monetary media of exchange (banknotes and coins) constituting legal tenders abroad as well as those which ceased to be legal tenders of payment but are subject to exchange, hereinafter termed "foreign currencies";
- 2) Treasury notes, checks, letters of exchange, letters of credit, payment orders, money orders and traveler's cheques, insofar as they are in foreign currencies;

- 3) stocks, bonds, deposit receipts, securities, and savings books, bank deposit books and other proofs of savings, insofar as they are in foreign currencies;
- 4) gold and platinum in bullion form as well as in the form of bars, coins minted after the year 1850 and semifinished products with the exception of dental gold, and also gold and platinum products that are not normally fashioned from these noble metals.

2. Also considered as currency valuables are:

- 1) banknotes and coins of the Polish People's Republic that are legal tenders of payment in this country as well as those that ceased to be such tenders but are subject to exchange, hereinafter termed "Polish currency";
- 2) Treasury notes, checks, letters of exchange, letters of credit, payment orders, money orders and traveler's cheques, insofar as they are in Polish currency;
- 3) stocks, bonds, deposit receipts, securities and savings books as well as other proofs of savings, insofar as issued in Polish currency;
- 4) international postal reply coupons issued in this country;

provided that they are a medium of payment or object in transactions with or among foreigners or in behalf of foreigners whether or not so commissioned by them, or provided that they are the object of exportation abroad, importation from abroad or transit across the territory of the Polish People's Republic.

3. The Minister of Finance can, by means of an ordinance:

- 1) classify foreign-currency documents other than those specified in Paragraph 1, Points 2 and 3, as foreign-exchange valuables;
- 2) classify Polish-currency documents other than those specified in Paragraph 2, Points 2 and 3, as Polish currency valuables.

Article 7. 1. Foreign-currency turnover is construed as:

- 1) the conclusion of an agreement or performance of actions not ensuing from an agreement causing or intended to cause payment by funds constituting currency valuables, or the transfer of possession or ownership of currency valuables, or the transfer of a currency claim or obligation;
- 2) payments made with funds constituting currency valuables or any other transfer of ownership or possession of currency valuables;
- 3) exportation abroad, importation from abroad or transit of currency valuables across the territory of the Polish People's Republic.

2. The following activities also are construed as foreign-currency turnover:

- 1) disposal of currency valuables specified in Article 6.2 between residents in this country in behalf of aliens whether or not commissioned by them;
- 2) commissioning or authorizing the collection of currency valuables abroad;
- 3) conclusion between aliens abroad of an agreement for the transfer of ownership or possession of currency valuables located in this country.

Article 8. The terms used in this Decree are defined as follows:

- 1) 'this country': the territory of the Polish People's Republic;
- 2) 'exportation abroad, importation from abroad and transit of currency valuables across the territory of the Polish People's Republic': any manner of transferring currency valuables across the state frontier of the Polish People's Republic, carrying them onto or out of foreign ships in Polish harbors, and performing international monetary bank or postal transfers;
- 3) 'currency permit': permission, by an authorized organ, to possess currency valuables or perform currency turnover or to perform any other activity requiring such permission pursuant to the provisions of this Decree; the granting of a currency permit to one of the parties for concluding and executing an agreement means that such permit also extends to the other party as well as to the third party concerned, unless specified otherwise in the permit;
- 4) 'nearest family members': spouse, parents, offspring, siblings, parents of spouse, parents-in-law, sons-in-law, daughters-in-law, stepchildren, adopted children, adopting parents, and foster children for which family allowances are received;
- 5) 'provisions of the Decree': provisions of this Decree, implementing regulations issued on the basis of this Decree, and the provisions of other decrees;
- 6) 'concerned minister': also refers to directors of central offices and, as regards cooperatives, the Supreme Cooperative Council;
- 7) 'foreign currency bank': a bank authorized, within the framework of its statutory provisions, to finance, credit and perform clearing operations with respect to foreign turnover in goods and services as well as to provide foreign-currency services to the population.

Article 9. 1. The Minister of Finance, implementing currency, credit and payments policies in foreign turnover, coordinates the currency activities of the organs authorized to perform such activities pursuant to the provisions of the Decree. The Minister of Finance exercises overall supervision in currency matters and, as part of this supervision, assures the uniform enforcement of the provisions of this Decree by the proper currency authorities.

2. The policies regarding foreign trade and the associated services, referred to in Paragraph 1 are implemented by Minister of Foreign Trade in cooperation with the Minister of Finance.

## Section 2

### Possession of Currency Valuables and Engaging in Currency Turnover

Article 10. Residents may possess currency valuables in this country.

Article 11. Engaging in currency turnover requires a currency permit apart from the exceptions specified in this Decree.

Article 12. Residents may keep foreign-currency accounts in domestic Polish foreign-currency banks.

Article 13. Domestic legal entities or organizations or institutions lacking legal entity may possess currency valuables in this country or abroad if they have a currency permit, unless specified otherwise in this Decree.

Article 14. 1. Aliens are obligated to exchange foreign currencies into Polish currency in order to defray the expenses of sojourning in the Polish People's Republic or otherwise assure defraying these expenses.

2. Aliens in this country may possess foreign-currency valuables brought in from abroad and dispose of them pursuant to the provisions of the Decree or re-transport them abroad in the amount remaining after the cost of travel and sojourn is deducted in terms of foreign currency.

3. Aliens in this country also may possess the Polish and foreign currencies obtained in this country pursuant to the provisions of the Decree, as well as dispose of these funds upon following said provisions.

4. The aliens specified in Article 3, Points 5-7, and the residents specified in Article 2, Points 4 and 5, may dispose of Polish currency provided that they maintain an account in a foreign-currency bank in this country and adhere to the terms under which that account is opened.

5. The Minister of Finance may, in cooperation with the Chairman of the Narodowy Bank Polski [National Bank of Poland], specify in detail, by means of an ordinance, the principles and procedure for the exchange of foreign currencies and other ways of defraying traveling expenses by aliens in this country, the exemptions from this obligation, and the procedure for monitoring its enforcement, as well as in cases in which payments by aliens to residents can be made in Polish currency only after proof is presented that such currency was obtained by exchanging foreign currencies or from another specified source.

Article 15. Aliens may keep Polish and foreign currencies in accounts within Polish foreign-currency banks in this country.

Article 16. Payments due in Polish currency to aliens pursuant to agreements or for other reasons consonant with the provisions of the Decree may be made to separate accounts in Polish foreign-currency banks in this country; payments from these accounts may be made upon granting a foreign-currency permit.



Article 17. 1. Residents sojourning abroad may dispose of foreign currencies and other currency valuables in behalf of aliens or when such currencies or valuables are donated to residents, insofar as they are:

- 1) received during sojourn abroad as a result of labor contracts and other wage-earning activities and acquired for these currencies;
- 2) received abroad by way of donations from aliens;
- 3) acquired in this country to spend freely.

2. Residents are obligated to bring into this country any remaining foreign currencies and currency valuables specified in 17.1 once their sojourn abroad comes to an end, and they should attend to the necessary formalities not later than within a month from the date of their return to this country.

Article 18. Residents who used to reside abroad and arrived in this country for purposes of residence may own or dispose of currency valuables left abroad prior to their arrival in this country.

Article 19. 1. Residents and resident legal entities may conclude with aliens and alien legal entities agreements to establish partnerships or enterprises funded with foreign capital:

- 1) as regards foreign trade and associated services--upon the approval of the Minister of Foreign Trade in cooperation with the Minister of Finance;
- 2) in all other respects--upon the approval of the proper authority in cooperation with the Minister of Finance.

2. Residents and resident legal entities may conclude with aliens and alien legal entities agreements specifying the financial principles for cooperation:

- 1) as regards foreign trade and associated services--upon the approval of the Minister of Foreign Trade in cooperation with the Minister of Finance, unless the financial principles for that cooperation are in accord with the general currency permit issued by the Minister of Foreign Trade;
- 2) in all other respects--upon the approval of the proper authority in cooperation with the Minister of Finance.

Article 20. The following do not require a currency permit:

- 1) the exercise, by state authorities, of currency-turnover operations relating to penal proceedings, Treasury penalties, and civil and administrative law proceedings, excepting the currency-turnover operations commissioned by aliens or performed in their behalf without being so commissioned, unless currency valuables are to be refunded to them;
- 2) conclusion and implementation of agreements for safekeeping of currency valuables without the right to dispose of them;
- 3) disposal of currency valuables in last will and testament as well as the release in this country of currency valuables from an inheritance made

available in this country to domestic heirs and legatees as well as to the foreign diplomatic representatives or consular offices authorized to receive said valuables by virtue of international agreements and also, on the principle of reciprocity, in behalf of heirs and legatees who are aliens;

- 4) granting to Polish diplomatic representatives or consular offices, or to the plenipotentiaries they name, commissions or full powers for collecting or receiving currency valuables abroad and selling property owned abroad;
- 5) agreements concluded between residents and aliens sojourning in this country for provision of movable property or services in behalf of aliens, as well as the collection in this country of fees ensuing from these agreements in Polish currency; the regulations issued pursuant to Article 14, Paragraph 5, apply correspondingly;
- 6) agreements concluded between residents and aliens for the provision in this country of services unrelated to foreign trade and tourism to aliens abroad, and the collection of fees ensuing from these agreements in foreign currencies through the mediation of the foreign-currency bank;
- 7) reception of donated currency valuables from aliens, with the exception of gifts of Polish currency from abroad;
- 8) labor agreements concluded between resident units of the socialized economy and aliens sojourning in this country pursuant to the provisions governing the employment of aliens, as well as agreements for the provision by aliens of services remunerated in Polish currency pursuant to domestic regulations, without the duty of transferring such payments abroad;
- 9) payments to aliens in Polish currency in this country:
  - a) Payments due aliens pursuant to concluded agreements and under the provisions of the Decree concerning the provision in this country of services not associated with foreign trade, or by virtue of an invention, or by virtue of the publication or public performance of their copyright-protected creative works;
  - b) Financial awards to or remuneration of participants and jurors, ensuing from contests or spectacles organized in this country and granted a currency permit;
  - c) Winning prizes in lotteries and betting games conducted by units of the socialized economy.
- 10) Reception, in Polish currency and in this country, of fees for transit services on foreign routes by:
  - a) Residents taking official trips on the basis of instructions by an organizational unit disposing of foreign currencies to defray travel expenses on official trips abroad;

- b) Aliens departing privately by Polish or foreign means of transportation, if their Polish currency derives from sale of the foreign currencies specified by the Narodowy Bank Polski;
  - c) Residents with passports or identity cards issued in this country by Polish state authorities and traveling privately by Polish means of air and sea transportation.
- 11) Reception, in Polish currency in this country, of fees from residents for transportation services on foreign routes by Polish means of air, sea or motor transportation or by rail; this does not apply to fees for the transportation of shipments consigned by persons traveling to assume a place of residence abroad;
  - 12) Importation to this country of currency valuables by residents and aliens, provided that the importation of Polish currency is permissible if it has previously been exported on the basis of a currency permit;
  - 13) Sales of foreign currencies and other currency valuables to foreign-currency banks and authorized institutions.
  - 14) Gifts of currency valuables in this country between or among residents, nearest family members.

### Section 3

#### Principles for Determining and Implementing Obligations and Collecting Financial Payments in Foreign-Currency Turnover

Article 21. 1. In foreign-currency turnover, payments are collected and disbursed pursuant to agreements as well as by virtue of operations not ensuing from agreements in foreign currency.

2. Residents are obligated to specify in agreements that the payments ensuing from agreements will be made in foreign currency.

3. Agreements and foreign-currency turnovers specifying payments in Polish currency as well as the collection or disbursement of payments in Polish currency require a currency permit.

Article 22. 1. Residents are obligated to collect financial payments from abroad no later than the specified deadlines for such payments and import them to this country.

2. Payments in behalf of aliens should not be executed before the dates specified for such payments.

3. Adjustment of mutual debts in foreign-currency turnover by means of a deduction requires a prior currency permit.

Article 23. 1. Residents are obligated to collect and disburse payments abroad through the mediation of a domestic Polish foreign-currency bank.

2. Commissioning the transfer of financial payments from abroad to this country or from this country to a foreign country, as well as the performance of such payments, without the mediation of a Polish foreign-currency bank requires a prior currency permit.

Article 24. Foreign currencies transferred from abroad to domestic legal entities or organizations and institutions that are not legal entities, with the object of defraying their fees, should be, immediately after the notice of their transfer arrives, sold to a Polish foreign-currency bank in this country unless, on the basis of a currency permit or the provisions of the Decree, they are deposited in a foreign-currency bank account.

Article 25. In the event that the recipient of a postal or bank money order from abroad is not authorized to deposit it in a foreign-currency bank account or to dispose of it for purposes other than those specified in the provisions of the Decree, the amount in question is paid in Polish currency in accordance with the official rate of exchange of the foreign currency in zlotys.

Article 26. In foreign-currency turnover and clearings the current rates of exchange for foreign currencies and the zloty, as determined by the Chairman of the Narodowy Bank Polski, apply.

#### Section 4

#### The Duty of Reporting Property and the Restrictions on Certain Operations That Do Not Constitute Foreign-Currency Turnover

Article 27.1. Residents other than those specified in Article 2, Points 2, 4 and 5 are obligated to report to the Narodowy Bank Polski the property they own abroad. The duty of reporting property to the Treasury of the State rests on state organizational units administering that property.

2. Aliens other than those specified in Article 3, Points 4, 6 and 7 are obligated to report to the Narodowy Bank Polski the property they own in this country. If the property is in the hands of or administered by a person other than the owner, the duty of reporting it rests on that person.

3. Loss of property also is subject to reporting.

4. The Council of Ministers will determine, by means of an ordinance, the scope and procedure of the duties specified in Items 1-3 above.

Article 28. The Narodowy Bank Polski is obligated to keep confidential the property reported pursuant to Article 27, Items 1 and 2; the corresponding provisions of the banking law on secrecy of turnovers and state of bank accounts apply here.

Article 29. The conclusion, in foreign-currency turnover, of economic agreements on mutual nonreimbursable provision of services or goods that do not represent currency valuables requires a prior currency permit; this does not apply to cases of normally interpreted conclusion of an agreement for barter or services or goods.



Article 30. 1. The acceptance by domestic legal entities of gifts or goods that do not represent currency valuables from aliens resident in this country or sojourning in this country requires a prior currency permit.

2. The acceptance by residents of gifts that do not represent currency valuables from aliens resident in this country or sojourning in this country requires a currency permit if the gift exceeds in value the ceiling set on gifts exempt from inheritance and gift tax.

Article 31. 1. The disposal by residents of the property they own abroad, when such property does not represent currency valuables and is disposed of without reimbursement, requires a prior currency permit, with the exception of the unreimbursed discarding of goods exported by residents provided that customs regulations are followed.

2. The exercise by residents of the duties of administering property owned abroad does not require a currency permit.

Article 32. 1. The commissioning or empowering of a resident or an alien to collect abroad property that does not represent currency valuables, as well as to obtain confirmation of the acquisition of an inheritance released abroad does not require a currency permit.

2. The commissioning or empowering specified in Paragraph 1 above of a Polish diplomatic delegation or consular office abroad, or of the representatives they name, also does not require a currency permit.

### Section 3

#### Competences of Authorities in Currency Matters

Article 33. 1. A currency permit may be granted as a general or individual permit. The permit may specify certain obligations to be met.

2. The general currency permit is granted to a specified group or organization of residents or aliens. In all other cases, individual currency permits are granted.

3. Whenever this Decree or the implementing ordinances issued on its basis refer to currency permits, permits issued by the Minister of Finance are meant unless specified otherwise.

Article 34. 1. The Minister of Finance grants currency permits with the exception of permits in cases belonging within the competences of the Minister of Foreign Trade.

2. The Minister of Finance may also grant permits for:

- 1) payments in Polish currency in foreign-currency turnover agreements;
- 2) collection and disbursement of payments in this country, inclusive of turnover in Polish currency;



- 3) exportation abroad of gold and platinum in forms constituting currency valuables;
- 4) possession of currency valuables in this country or abroad by persons specified in Article 13.

3. The Minister of Foreign Trade also grants currency permits relating to foreign trade and associated services:

- 1) general--in cooperation with the Minister of Finance;
- 2) individual--for operations specified by the Minister of Finance in cooperation with the Minister of Foreign Trade.

Article 35. 1. The Narodowy Bank Polski grants individual currency permits pursuant to the guidelines issued by the Minister of Finance in cooperation with the Chairman of the Narodowy Bank Polski, for:

- 1) foreign-currency operations belonging within the scope of competences of the Minister of Finance;
- 2) disposal of property owned abroad;
- 3) operations referred to in Articles 29, 30 and 32.

2. The Narodowy Bank Polski exercises supervision over the possession of currency valuables and foreign-currency turnover insofar as they correspond to the permits it grants.

## Section 6

### Currency Monitoring

Article 36. 1. Foreign-currency turnover and the application to this turnover of the principles for the determination and implementation of obligations as well as for the collection and disbursement of payments are subject to currency monitoring.

2. The performance of the duty of reporting property as well as of operations not constituting foreign-currency turnover, as specified in Articles 29-32, also are subject to currency monitoring.

Article 37. 1. Currency monitoring is exercised by the Minister of Finance and his subordinate agencies as well as by the Chairman of the Narodowy Bank Polski. To exercise currency monitoring, the Minister of Finance may appoint a chief currency commissioner as well as currency commissioners.

2. The agencies exercising currency monitoring are authorized to demand information on foreign-currency turnovers and bank accounts with the exception of savings accounts and the property reported pursuant to Article 27, Items 1 and 2.

3. Currency monitoring with respect to foreign trade and associated services is also exercised by the Minister of Foreign Trade.

4. The Minister of Finance and, within the scope defined in Paragraph 3 above, the Minister of Foreign Trade in cooperation with the Minister of Finance, shall issue ordinances specifying the scope and procedure for currency monitoring, the rights of the functionaries performing the monitoring and the duties of the monitored units.

5. The Minister of Finance shall, in cooperation with the Ministers of National Defense and Internal Affairs, define the scope and procedure for the performance of currency monitoring in organizations subordinate to these ministers.

6. Currency monitoring also is exercised by:

- 1) foreign-currency banks, with respect to payments and clearings in the foreign-currency turnover performed through their mediation;
- 2) customs offices, with respect to currency controls at frontier posts as well as currency controls for postal shipments;
- 3) organs of the Frontier Troops with respect to currency controls at frontier posts, when empowered to perform customs inspections
- 4) organs of the postal administration, with respect to the consignment of postal parcels abroad.

Article 38. 1. Frontier currency monitoring is performed by organs of the customs administration and organs of the Frontier Troops as part of the principles and procedure for customs inspections.

2. The Minister of Finance may, by means of an ordinance issued in cooperation with the Ministers of Foreign Trade, Transportation and Internal Affairs, define the principles and procedure for frontier and postal currency monitoring separately from the principles and procedure for customs inspection.

3. The organs of state administration charged with the performance of the related activities by the Minister of Foreign Trade, when such activities belong within the competences of the organs of the customs administration, have in this respect the same rights and duties as the organs performing currency monitoring.

Article 39. 1. When so demanded by the organs of currency monitoring, residents and aliens are obligated to provide verbal and written explanations as well as documents concerning matters relating to currency monitoring.

2. The residents and aliens engaging in the operations specified in Article 7, Paragraph 1, Point 3 are obligated to report and, on demand, submit their currency valuables to frontier currency inspection.

Article 40. 1. Residents and aliens crossing the state frontier with currency valuables whose importation, exportation or in-transit conveyance is prohibited may deposit such valuables with the organs of the customs administration. This does not apply to Polish currency brought in by aliens, as

well as by residents, if such currency had been exported in violation of the provisions of the Decree.

2. If uncollected within a year from the date they are deposited, the currency valuables become the property of the Treasury of State without indemnification. The transfer of such uncollected currency valuables to the ownership of the Treasury of State is decided upon by the competent organ of the customs administration in the form of a decision.

3. The document issued to the person depositing currency valuables with the organ of the customs administration shall contain information on the legal consequences of failure to collect the deposited variables within the specified period.

4. The Minister of Finance may, in particularly justified cases, order refunding the deposit that had become the property of the Treasury of State, or refunding the value of that deposit.

## Section 7

### Interim and Final Provisions

Article 41. 1. The property referred to in the regulations issued on the basis of Article 27, Paragraph 4, is subject to being reported regardless of its being already reported under previous regulations.

2. The reporting of the property referred to in Paragraph 1 is also regarded as implementing the duty of reporting specified in previous regulations.

Article 42. Decisions on matters referred to in Article 4, Point 1; Articles 13, 29 and 30; and Article 40, Paragraph 2, of this Decree, may be appealed to the Supreme Administrative Court in accordance with the provisions of the Code of Administrative Proceedings.

Article 43. The following changes are herewith introduced in the Decree of 29 March 1963 on Aliens (DZIENNIK USTAW No 15, Item 77, No 15, Item 85; and No 11, Item 45, 1977):

- 1) In Article 3, Paragraphs 2 and 3 are deleted;
- 2) In Article 18, Paragraph 2, the expressions "except the matters referred to in Article 3, Paragraph 2" are deleted;
- 3) In Article 19 the expressions "except the obligation specified in Article 3, Paragraph 2" are deleted;
- 4) Article 19a is deleted;
- 5) In Article 23, Paragraph 1, the phrases "Paragraph 1" following the phrases "Article 3" are deleted.

Article 44. The Foreign Currency Decree of 28 March 1952 (DZIENNIK USTAW No 21, Item 133) is herewith voided.

Article 45. The currency permits granted on the basis of the decree specified in Article 44 remain in force.

Article 46. Currency proceedings initiated and not completed before the day this Decree becomes effective are subject to examination in accordance with the provisions of this Decree.

Article 47. This Decree shall become effective as of 31 March 1984.

Chairman of the Council of State: H. Jablonski

Secretary of the Council of State: J. Szymanek

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CSO:2600/544

## STATUS, OUTLOOK FOR WHEAT, CORN, EDIBLE OIL PRODUCTION

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 11 Jan 84 p 9

/Text/ Measures Needed for More Even Wheat Consumption

According to final statistical data, 5.519 million tons of wheat were produced in 1983, about five percent more than in the previous year. A dry March followed by heavy rainfall in June had an adverse effect on harvests, especially in the southern areas of the country, and also on the weight per hectoliter and the moisture content of the grain.

The agreement of organized procurement of marketable wheat surpluses from the 1983 harvest provides for the procurement of 3.5 million tons, an increase of about 700,000 tons over 1982. According to data provided by grain milling organizations, 3.3 million tons have been purchased up to the present, and it is expected that roughly 3.4 million tons of commercial wheat will ultimately be procured. The annual commercial consumption requirements in fiscal year 1983-84, that is, up to the new harvest, amount to about 3.3 million tons. The wheat reserves available out of the current procurement would accordingly be enough to provide for commercial consumption. However, part of the wheat procured has been earmarked for export by special approval of the Federal Executive Council. Specifically, associated labor organizations in Vojvodina have received approval to export 360,000 tons of wheat by the end of 1983 to settle the fixed and guaranteed obligations of the province. Available data indicate that 270,000 tons of the approved amount have been exported, 200,000 tons to West European countries and 70,000 tons to Romania. The wheat is sold at an average price of roughly \$150 per ton freight free to the Yugoslav border.

Wheat Surpluses Only in Croatia and Vojvodina

According to data from grain milling labor organizations, there are wheat surpluses exceeding consumption only in Vojvodina (800,000 tons) and Croatia (220,000 tons). There are shortages in all other republics and Kosovo. There are significant balance sheet deficits in Bosnia and Herzegovina, Macedonia, and Montenegro, as well as in Kosovo, while Serbia and Slovenia have covered their balance sheet deficits chiefly by means of long-term contracts with milling organizations in Vojvodina and Croatia. This wheat budget for fiscal year 1983-84 requires the taking of suitable measures to ensure rational use of



available wheat reserves until the new harvest. It is necessary for this purpose to continue to enforce strictly the regulations prescribing mandatory control of wheat, under which flour makers are obliged to produce at least 80 kilograms of flour of prescribed structure from every 100 kilograms of wheat. Other proposals have been advanced, ones on which it has unfortunately not been possible to reach agreement among the republics and provinces, with the result that the appropriate measures have not been adopted. Such measures have related above all to restricting trade in white flour bread weighing more than 300 grams and to introduction of mandatory use of cornmeal in bread production (in the amount of 5 to 10 percent).

The measure for mandatory milling of wheat and observance of the mandatory flour structure is not being carried out by the mills. The production of large amounts of white flour goes on, in consequence of which the quality of uniform flour of the 850 type is becoming worse, and smaller than prescribed amounts of flour continue to be produced in milling. The figures show that the mills are producing about 78 kilograms of flour per 100 kilograms of wheat, rather than 80 kilograms. Because of this mode of grinding, more than 66,000 tons of wheat are allocated for livestock feed from production of stock feed meal. This measure has nevertheless yielded good results, since in the first 10 months of 1983 alone stock feed meal production declined about 66,000 tons at the same wheat milling level. However, the regulations on mandatory wheat milling and mandatory flour structure raise the problem of meeting market needs for white flour, both for reproduction, that is, production of baked goods, bread, pasta, and the like, and for satisfying household needs through the commercial network. In recent years, when wheat has been milled in keeping with market demands, there has been appreciable increase in white flour consumption, this leading to greater production of stock feed meal, that is, inefficient use of wheat in the production of bread and flour. Hence an order has been issued restricting white flour production to 28 kilograms per 100 kilograms of wheat. This will not be enough, however, since production cannot satisfy demand, and this problem will become more and more acute.

The available wheat reserves will not be enough to meet all consumption needs until the new output has been produced, especially since needs are not uniformly met in all areas, and in some places needs have been met only until April 1984. Every disruption of supply in one area of the country is known to spread rapidly to the other areas. But the republics and provinces experiencing shortages have thus far done very little to make up the lacking amounts of wheat in their budgets out of imports.

#### Smaller Area Under Wheat in 1984

The objective circumstances connected with the new wheat harvest show that measures must be taken immediately to ensure more rational wheat consumption. It is a known fact that in urban areas a considerable amount of bread is discarded because of its poor quality. Despite this fact, more than 150,000 tons of wheat are consumed uneconomically every year. Last fall about 1.4 million hectares were planted with wheat, about 10 percent below the plan level and 16 percent below the level of the previous year. The main reason for the decline in wheat planting is the long drought in individual regions, which has

had an unfavorable effect on preparation of the ground for planting, as well as the failure to assign machinery for work under such conditions, especially in the private sector, which is relatively well equipped with tractors but not adequately provided with towed machines. The shortage of artificial fertilizer and the high costs of reproduction materials have had a negative impact chiefly on wheat planting, particularly in the private sector. Thus, because of the smaller area planted with wheat, a wheat harvest 800,000 to 1 million tons smaller is to be expected in 1984. This will necessitate additional measures to procure the largest amounts of wheat possible under the lower output conditions in order to feed the population. In the face of this situation other measures are also needed, above all measures to achieve more efficient consumption of wheat, flour, and bread.

#### Corn Harvest Good, But Supply Fluctuates

Individual farmers have substantial reserves left over from the 1983 harvest. There is continuing heavy demand for corn exports. The measures adopted to stabilize the market must be respected.

In 1983, 2.3 million hectares were planted with corn, this being the 1982 level. The soil and climatic conditions for planting corn were good, but the shortage of mineral fertilizers and plant protection agents had an unfavorable effect on the 1983 harvest yields. The yields of 6.33 tons per hectare achieved in agricultural organizations are 680 kilograms lower than the yield of 1982, and private farmers managed a yield of 4.36 tons, 300 kilograms less than in 1982.

The most recent estimates of the Federal Bureau of Statistics show that 10.4 million tons of corn were produced in 1983; this was about six percent less than in 1982. There was an appreciable decrease, by 15 percent, in Vojvodina. The good corn harvest in 1983 and in the 2 preceding years failed to provide adequate supplies for the domestic market, price stability, and formation of the necessary commodity reserves. In addition, because of the inadequate supply and the high corn procurement prices, there has been a decline in livestock production, this having an unfavorable effect on supply of fresh meat for the domestic market.

The private sector accounts for 80 percent of total corn production. However, it accounts for an even greater share of the marketable surpluses. With its production of around 1.8 million tons, the public sector is unable even to satisfy its own needs in their entirety, so that it appears on the market as a buyer of significant amounts of corn. Of the 1982 corn harvest of 11.13 million tons the public sector purchased 3,045,528 tons, over 600,000 tons more than in the preceding year, 1,229,671 tons from the public sector and 1,815,907 tons from the private sector. Of the total amounts purchased in 1982 and 1983, 1.39 million tons were exported, at an average price per ton of around \$130 freight free to the Yugoslav border. Roughly \$180 million were earned by exporting this amount of corn. However, more than 80 percent of the corn is exported by way of barter transactions. This has to a great extent lowered the selling price of corn on the international market. On the domestic market, in contrast, the constant high demand for corn for export by way of barter transactions has acted to bring about fast rise of purchase prices. This demand has also been kept up by the fact that corn exports have been used to pay for

imports of high-protein livestock feeds, various reproduction materials and raw materials for industrial production, and finished consumer goods, such as coffee, citrus fruits, etc. Corn became a highly attractive export product in 1982, yet by way not of regular but barter and other transactions, the high corn prices on the domestic market being offset by raising the prices of imported goods. As a result of all this it has not been possible to retain the ceiling corn purchase price of 10.30 dinars per kilogram for the 1982 harvest and 14 dinars for the 1983 harvest. Price formation was entirely unrestrained, so that prices reached the level of 18 dinars per kilogram for the 1983 corn harvest. The prices continued the trend of steep and rapid rise, and in December 1983 reached the level of 23 dinars per kilogram on the basis of a 14 percent moisture content on the market in the grain growing regions.

Although the 1983 corn harvest was somewhat lower than the record harvest of 1982, exports of around 1.8 million tons were recorded. This is much higher than the export level reached with the 1982 corn harvest. There was also increased demand for corn by domestic corn consumers; all this acted to apply very heavy pressure to the marketable corn surpluses during the harvest, and this necessarily was reflected in a greater rise of corn purchase prices. In the course of only a few months the purchase price of corn rose from 16 to 23 dinars per kilogram, that is, by more than 40 percent. On the other hand, the steady rise of the purchase price of corn has acted to discourage individual farmers from selling surpluses. These developments on the corn market have had their negative effect on livestock production, and accordingly on supply of meat for the domestic market. The slaughter of cattle and hogs in slaughterhouses declined 17 percent, while an increase of only 4 percent was observed in the case of poultry, and total meat production during the first 10 months of 1983 was about 8 percent lower than over the same period last year. This meat production and the inadequate supplies for the domestic market have also had an effect on livestock and meat exports, which over the first 10 months of 1983 were 16 percent, or \$60 million, lower than last year. What is to be expected in the next few months?

Over the last 3 months 1.8 million tons have been purchased out of the new 1983 harvest; this is somewhat more than over the corresponding period last year. Higher procurement was possible so long as the banks in Vojvodina had sufficient funds to pay for the amounts procured. The public sector for the most part sold its corn surpluses, so that at present it is currently private farmers who hold surpluses (the private farmer has stockpiled them and will place only limited amounts on the market between January and May). On the other hand, the demand will continue to increase, both for the needs of organized livestock production and for export. Out of the scheduled exports from the 1983 corn harvest, more than 500,000 tons have thus far been sold to foreign buyers, but only around 150,000 tons have been delivered. More than 70 percent has been sold by way of barter transactions.

The new corn export quota of 300,000 tons was recently allocated to associated labor organizations in the Grain Fund. All this indicates that in 1984 the demand for corn for export needs, primarily by way of barter transactions, will be fairly high. On the other hand, the corn reserves of stock feed producers are declining, and increased demand is to be expected. In a situation of increased demand and steady, appreciable rise of purchase prices, the private farmers will refrain from selling corn surpluses in the expectation that they can command higher prices by selling later.

These estimates of corn sales and demand in 1984 indicate the need for taking essential economic and administrative measures to stabilize the currently unsatisfactory situation on the corn market. For this purpose the decision has been made to impose a ceiling of 17 dinars per kilogram on the procurement price of corn, and at the same time measures are being taken against associated labor organizations which do not adhere to this price, in the form of withdrawal of the right to use rediscount credit, setting of high interest rates for use of credit, and imposition of heavy fines for the organization and the individual. At the same time, ceilings have been imposed on the prices of industrial stock feed, with the price of corn set at 17.70 dinars per kilogram. In addition, the corn export program has been cut in half, from 1.8 million to 900,000 tons. The Grain Fund has in its turn taken certain measures to stabilize the situation on the corn market. It has recommended to organizations that they slow down the pace of exports and thus influence the demand on the domestic market. Barter transactions in corn exports will in the future be approved only for imports of high-protein stock feeds and raw materials for plant protection. But all these measures will yield satisfactory results only if they are rigorously applied by all parties to the procurement and trade in corn.

The basic solution for stabilizing the situation on the corn market would be represented by suspension or appreciable decrease in corn exports by way of barter transactions. But for reasons well known it will not be possible to carry this measure out, and accordingly is not expected to yield satisfactory results on the corn market in the coming months. The developments will be similar to the current situation in the market, that is, supply will continue failing to satisfy the increased demand and prices will keep up their rising trend until May of this year, when increase in the supply of corn surpluses and less violent price swings are expected.

#### Inadequate Supply of Edible Oils Again in 1984?

The appearance of plant diseases is decreasing the sunflower yields. Farmers still show little interest in investing in sowing of oil-bearing plants.

The current fiscal year (1983-84) will be one of the most difficult ones from the viewpoint of production and supply of edible oils from plants for the domestic market. Because of the appreciable decline in the production of sunflower, as the leading oil-bearing plant in Yugoslavia, an appreciable decline is also taking place in oil production. For these reasons, even in December 1983 the supply of edible oil for the domestic market was disrupted, and there is a trend toward continuation of the irregular and inadequate supply in the coming months of 1984.

#### Steady Declining Trend in Sunflower Production

According to statistical data, in the spring of 1984 only 76,000 hectares, or 70 percent of the scheduled 114,403 hectares, were planted with sunflower. This area yielded an output of 135,000 tons of sunflower, 33 percent lower than the production reached in 1982, which itself was not satisfactory. Sunflower production has exhibited a steady declining trend ever since 1980, both because of lower yields and owing to reduction of planted area, above all on privately run farms. In 1983 such farms accounted for only 30 percent of the total area planted.



The basic reason for the decrease in the area planted with sunflower is the appearance of plant diseases on the sunflower which act to reduce yields, as well as the high cost of protecting the sunflower plant. The statistical data show that the average sunflower yields in Vojvodina have dropped to 1.85 tons per hectare, as against 2.50 to 2.80 tons before the appearance of the disease, while the area planted with sunflower in the country as a whole dropped from 257,149 hectares in 1979 to 76,000 hectares in 1983.

Throughout the world, and in Yugoslavia, sunflower is one of the leading oil production crops, above all because 100 kilograms of seeds yield 40 liters of refined oil. Sunflower oil is in the group of the highest quality oils used in human nutrition. Owing to its quality, it can be stored for a year without any chemical changes taking place in it. An amount of 100 kilograms of sunflower seeds yields 16 to 18 kilograms of raw proteins which today are used as protein flour, concentrates, and isolates for human nutrition and protein components for livestock feeding. These are the main reasons why sunflower is a leading crop today and why the area planted with sunflower is steadily growing throughout the world, particularly in Argentina, Spain, France, Turkey, the United States, and elsewhere. In the United States sunflower was grown over an area of 2,000 hectares in 1965, and over an area of 2.2 million hectares in 1982.

Many countries want to grow sunflower because of its exceptional properties, but because of limiting ecological factors this is not everywhere possible, at least for the time being. Yugoslavia has fairly good climatic conditions for growing sunflower, but because of the appearance of the diseases and the inadequate resistance of the hybrids developed thus far, less has been produced in recent years, with the result that Yugoslavia, from being an exporter of the oil from 1978 to 1980 has become a heavy importer over the last 3 years. The steps being taken to produce hybrids resistant to the disease phocopsis hold out promise for a renewed upsurge in sunflower production. However, this will not be possible before 1985.

The attempt to replace sunflower with rapeseed and soybean in oil production has not yielded good results. For these reasons the balance sheet deficit of oil for fiscal year 1983-84 (running from 1 September 1983 to 31 August 1984) amounts to about 190,000 tons and efforts are currently underway to secure additional amounts from imports. However, the steady, appreciable rise of oil prices on the international market necessitates the provision of substantial additional foreign exchange funds. At the current prices of unrefined soybean oil on the international market, about \$120 million need to be secured for the amounts of oil which Yugoslavia is lacking. In view of the limited foreign exchange resources of country, efforts are being made to secure greater amounts of oil by way of barter transactions, that is, exports of domestically produced goods. Agreements have now been signed for importation of around 30,000 tons of unrefined soybean and sunflower oil from Hungary and Spain, and it is expected that the first amounts of imported oil will begin to arrive in the country at the beginning of this year. Otherwise, the government is providing 50 percent of the foreign exchange needed for imports, through the National Bank of Yugoslavia, while the remaining 50 percent is being provided by associated labor organizations through barter transactions.



The considerable increase in domestic oil prices 2 months ago has had no impact on consumption. It continues to exhibit a rising trend, with the result that a significantly lower level of supply was observed in December 1983 over the country as a whole. According to oil factory data, 38,971 tons of refined oil and 12,853 tons of solid fats of plant origin were delivered to the market over the period from 1 October to 11 December 1983. Industry will produce around 135,000 tons of oil from the oil-bearing plants procured in 1983. The annual oil consumption is estimated to be around 33,000 tons. Consequently, the available reserves of oil from domestic raw materials will meet consumption needs for about 5 months, that is, to the end of February 1984. However, owing to the difficulties involved in securing imported oil, during the preceding period the oil factories delivered smaller amounts of oil than were needed, and this had a negative impact on the level of supply. Over the forthcoming period (until the new output arrives), no significant improvement is to be expected in supply of edible oil of plant origin for the domestic market. The reason for this is that measures were not taken in time to assure continuity in imports of the deficit amounts of oil. In addition, the available stocks of oil in the commodity reserves at all levels do not permit successful intervention in the domestic market. Similarly, the most recent price freeze, even after the increase in oil prices by about 10 percent, is discouraging associated labor organizations from organizing oil imports, since there is a noticeably greater difference between the domestic regulation price of oil and the price of imported oil. This situation calls for appropriate solutions to erase these differences.

#### Prospects for Increase in Oil-bearing Plant Production in 1984

The 1984 spring planting program calls for seeding of an area of around 4.5 million hectares. In addition, about 160,000 hectares not planted with wheat in autumn of 1983 are to be added to this area. The programs of the republics and provinces call for the planting of 115,200 hectares with sunflower, this representing an increase of about 39,000 hectares. On the basis of a yield of 1.8 tons per hectare, this area would produce 214,600 tons of sunflower yielding about 85,900 tons of oil. It is planned to plant 137,900 hectares with soya, about 62,000 hectares more than were planted in 1983. The anticipated soya production of 322,800 tons would yield about 52,000 tons of oil. Also to be taken into account is oil-bearing rape, with which 55,800 hectares were planted in the autumn of 1983. If the spring planting program is accomplished, an oil production of about 193,400 tons is to be expected, this indicating that production for domestic consumption will fall short by about 138,000 tons. There will accordingly be a shortage of edible oils of plant origin in this fiscal year. The new procurement prices of oil bearing plants for the 1983 harvest are of interest to farmers. However, the low sunflower yields due to the plant diseases will have a major effect in inducing farmers, primarily private farmers, to plant sunflower in the spring of 1984.

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